

Socialist Poland's opening towards the West, 1970-1980

Aleksandra Komornicka

Thesis submitted for assessment with a view to
obtaining the degree of Doctor of History and Civilisation
of the European University Institute

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European University Institute
Department of History and Civilisation

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I confirm that I synthesised and published parts of chapters 1-4: 'From "Economic Miracle" to the "Sick Man of the Socialist Camp" Poland and the West in the 1970s', in Angela Romano and Federico Romero (eds.), *European Socialist Regimes' Fateful Engagement with the West. National Strategies in the long 1970s* (London and New York: Routledge, 2020), 78-106.

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Abstract

This thesis explores the phenomenon of socialist's Poland entanglement with the West in the 1970s. Between 1970 and 1980, the period of Edward Gierek's leadership, Poland multiplied its economic and political contacts with capitalist countries, especially Western Europe. Against the backdrop of European détente, it became a frontrunner of East-West exchanges among the Council for Mutual Economic Assistance and Warsaw Pact members. However, this experience of globalisation and Europeanisation weakened the socialist regime and offered the West leverage over its situation, proving critical for the country's crisis in the 1980s, and its political and economic future in the 1990s.

As this thesis shows, the entanglement with the West was the outcome of conscious choices made by Polish socialist elites, who believed that Poland could open up towards the West without endangering socialism. Against the usual assumptions about the vulnerability of the socialist elites, this thesis presents them as confident and pro-active actors of the critical processes of the 1970s, including détente in the Cold War relations and globalisation. First, it does so by zooming on making, debating, and readjusting the national strategy, and second, by exploring its practices. Specifically, the thesis brings in the cases of cooperation with Western European states (Italy, France and the Federal Republic of Germany) and companies (Fiat, Berliet, Grundig, Thomson) in the production of cars, buses and audio equipment in Poland based on foreign licenses.

By bridging the socialist regime's domestic history with phenomena such as Western European integration, oil crises, Helsinki process, or the sovereign debt crisis, this thesis offers an international reading of the Polish 1970s history. The 1970s were a transformative decade that reorganised global political and economic order. Poland was a case in this process.

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If it was not for one email circulated by the International History Department at the London School of Economics (LSE), I would have probably never ended up submitting this dissertation. The email advertised a PhD research position in the project ‘PanEur1970s. Looking West: The European Socialist Regimes Facing Pan-European Cooperation and the European Community’ at the European University Institute. The principal investigators were looking for someone who would cover Poland's case within this broadly defined framework. I was a suitable candidate for the job, and the project perfectly corresponded to my interest. It allowed me to combine my knowledge of Poland's post-war history gained as a history student at the University of Warsaw with an international history perspective acquired during the master studies at the LSE. I applied and was appointed. The four-year funding provided by the PanEur1970s on behalf of the European Research Council and the European University Institute (EUI) academic environment created perfect circumstances to write a PhD. Here, I would like to express my deepest gratitude to these institutions and the people behind them as well as to the others who contributed to this project.

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Abbreviations

AAN	Archiwum Akt Nowych (Central Archives of Modern Records)
AFB	Archives de la Fondation Berliet
AIPN	Archiwum Instytutu Pamięci Narodowej (Institute of National Remembrance Archive)
AMSZ	Archiwum Ministerstwa Spraw Zagranicznych (Archive of the Ministry of Foreign Affairs)
ASF	Archivo Storico Fiat
BH	Bank Handlowy w Warszawie (Trade Bank)
CADC	Centre des Archives diplomatiques de la Courneuve
CAP	Common Agricultural Policy
CCP	Common Commercial Policy
CDU	Christian Democratic Union of Germany
CMEA	Council for Mutual Economic Assistance
COCOM	Coordinating Committee for Multilateral Exports Control
CPSU	Communist Party of the Soviet Union
CSCE	Conference on Security and Cooperation in Europe
DSH, AHM	Dom Spotkań z Historią, Archiwum Historii Mówionej (History Meeting House, Oral History Archive)
DSiP	Departament Studiów i Programowania (Department of Studies and Programming in the Ministry of Foreign Affairs)
ECE	United Nations Economic Commission for Europe
EEC	European Economic Community
EU	European Union
FRG	Federal Republic of Germany
FSM	Fabryka Samochodów Małolitrzowych (Small Engine Car Factory)
FSO	Fabryka Samochodów Osobowych in Warsaw (Passenger Car Factory)
GATT	General Agreement on Trade and Tariffs
GDR	German Democratic Republic
HAEU	Historical Archives of the European Union
IF	Instytut Finansów w Warszawie (Institute of Finance)
IMF	International Monetary Fund

KC PZPR	Komitet Centralny Polskiej Zjednoczonej Partii Robotniczej (Central Committee of the United Workers' Party)
KNiT	Komitet Nauki i Techniki (Committee of Science and Technology)
KOR	Komitet Obrony Robotników (Workers' Defence Committee)
KPRM	Komisja Planowania przy Radzie Ministrów (Planning Commission)
MF	Ministerstwo Finansów (Ministry of Finance)
MFN	Most-Favourite Nation
MHZ	Ministerstwo Handlu Zagranicznego (Ministry of Foreign Trade)
MKS	Międzyzakładowy Komitet Strajkowy (Inter-Enterprise Strike Committee)
MNSWiT	Ministerstwo Nauki, Szkolnictwa Wyższego i Techniki (Ministry of Science, Higher Education, and Technology)
MPM	Ministerstwo Przemysłu Maszynowego (Ministry of Machine Industry)
MPT	Multilateral Preparatory Talks
MSZ	Ministerstwo Spraw Zagranicznych (Ministry of Foreign Affairs)
NATO	North Atlantic Treaty Organization
NIK	Najwyższa Izba Kontroli (Supreme Chamber of Control)
OECD	Organisation for Economic Co-operation and Development
OPEC	Organisation of Petroleum Exporting Countries
PA AA	Politisches Archiv des Auswärtigen Amts
PISM	Polski Instytut Spraw Międzynarodowych (Polish Institute of International Affairs)
PHZ Unitra	Przedsiębiorstwo Handlu Zagranicznego Unitra (Foreign Trade Enterprise Unitra)
PUWP	Polska Zjednoczona Partia Robotnicza (Polish United Workers' Party)
SALT	Strategic Arms Limitation Talks
SPD	Social Democratic Party of Germany
TNA	The National Archives
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
URM	Urząd Rady Ministrów (government)
US	United States
USSR	Union of Soviet Socialist Republics
WB	World Bank
WOG	Wielkie Obszary Gospodarcze (Huge Economic Units)
ZMP	Związek Młodzieży Polskiej (Union of Polish Youth)

Introduction

The 1970s in Poland started and ended on a similar note. In both December 1970 and August 1980, protests erupting in reaction to rising prices swept away the leadership of the Polish United Workers Party (PUWP) and resulted in a reversal of national strategy. However, the character of these protests, the manner in which they were handled, and the political choices which followed differed profoundly from one decade to the next. While the upheavals in 1970 were carried out by workers calling for the cancellation of price reform, the 1980 strikes transformed into the *Solidarność* (Solidarity) movement, supported by influential dissident organisations. This time, protesters demanded not only an improvement in economic and labour conditions, but also called for human rights, such as freedom of speech, to which European socialist regimes had committed by signing the Final Act of the Conference on Security and Cooperation in Europe (CSCE) in August 1975. Unlike in December 1970, when Władysław Gomułka's leadership initially responded to protests with violence, in August 1980, the Edward Gierek-led PUWP sat down at the negotiating table with demonstrators, agreeing to accommodate their requests. Although these concessions facilitated a change in PUWP leadership, Gierek's successors stood little chance of launching a substantially different strategy. While in December 1970, Poland had foreign currency savings, its net foreign debt amounted to 24 billion US dollars by August 1980.¹ In striking contrast to 10 years before, the later crisis could not be explained without taking into consideration Western influence, nor could it be handled independently of Western actors. This entanglement was the most critical and irreversible outcome of the 1970s in Poland.

In this dissertation, I look at the period between the two upheavals, reconstruct the formation and practices of Poland's national strategy, and address the question of why Poland's entanglement with the West occurred. I argue that this entanglement was the outcome of conscious and confident choices made by Polish socialist elites, who believed that Poland could open up towards the West without endangering socialism.

Détente, European integration, and globalisation

The 1970s were marked by three processes that had critical importance for Poland's opening towards the West: a détente in Cold War relations, Western European integration, and globalisation.

¹*Economic Survey of Europe in 1991-1992* (New York: United Nations Economic Commission for Europe, 1992), 322.

In recent years, all three areas have seen a historiographical boom. New studies have broadened our understanding of these three processes, opened new avenues for future research, and increasingly connected them. Taken together, such studies produce an increasingly firm picture of the 1970s as a transformative decade that had central importance for the end of the Cold War and the emergence of a new world order.

From the perspective of socialist regimes, the first and most evident of these processes was a détente in Cold War relations. It is commonly believed that the relaxation of international tensions came as a response to the Cuban Missile Crisis of 1962, which presented the tangible threat of war and mobilised the United States (US) and the Union of Soviet Socialist Republics (USSR) to start an era of negotiations. The period that followed brought about new practices of superpower summit diplomacy, most notably the Strategic Arms Limitation Talks (SALT). SALT I resulted in the Anti-Ballistic Missile Treaty, which was signed in 1972 and ratified by both superpowers. By contrast, SALT II, which aimed at limiting the production of nuclear weapons, despite being signed in 1979, fell through as a consequence of the Soviet Union's invasion of Afghanistan the same year. This war brought an end to the détente between the superpowers. Especially after the introduction of martial law in Poland in 1981, this led to what is sometimes referred to as the 'Second Cold War'.²

The substantial broadening of the field of Cold War Studies³ has challenged the traditional understanding of the détente as exclusively a process of foreign policy designed by the first secretary of the Communist Party of the Soviet Union (CPSU) Leonid Brezhnev and Soviet Foreign Minister Andrei Gromyko on the socialist side and the corresponding American presidents and their advisors, most importantly Richard Nixon and Henry Kissinger, on the capitalist side. On the one hand, for studies examining the 1970s in the Global South, the détente framework proved useless. Indeed, when considering the perspective of Vietnam or Angola in the 1970s, the Cold War was decisively not 'on hold'. Quite to the contrary: as argued by Odd Arne Westad, these regions became Cold War centres.⁴ On the other hand, the historiography that applies a European lens has shown that the traditionally defined détente corresponds to Europe neither in terms of chronology nor in terms of themes and actors involved. After many years of neglect, the topic of détente in Europe has recently received attention in scholarship. This has resulted in the emergence of the concept of 'European détente':

²On superpowers and détente e.g.: Jussi Hanhimäki, *The Rise and Fall of Détente: American Foreign Policy and the Transformation of the Cold War* (Washington D.C.: Potomac Books, 2013); Vladislav Zubok, *A Failed Empire: The Soviet Union in the Cold War from Stalin to Gorbachev* (Chapel Hill, NC: University of North Carolina Press, 2007), 192-264; Raymond Garthoff, *Détente and Confrontation: American-Soviet Relations from Nixon to Reagan* (Washington D.C.: Brookings Institution Press, 1994).

³Federico Romero, 'Cold war historiography at the crossroads', *Cold War History* 14:4 (2014): 685-703.

⁴Odd Arne Westad, *The Global Cold War: Third World Interventions and the Making of our Times* (Cambridge: Cambridge University Press, 2005).

distinct from and sometimes contradicting the older and more researched concept of a détente between superpowers.

Unlike the détente between the US and the USSR, although undoubtedly unfolding in relation to it, the idea of a European détente is above all linked with the Ostpolitik agenda, which originated in Western Europe in the 1960s. While the French president Charles de Gaulle was the first to talk about ‘détente, entente and cooperation’ openly in 1966 already before a smaller-scale effort to establish links with the socialist regimes also came from other Western European actors.⁵ This policy became prevalent in Europe only after Willy Brandt and the Social Democratic Party of Germany (SPD) came to power in the Federal Republic of Germany (FRG) in 1969. The subsequent political choices made by the new leadership in West Germany—most importantly including the Treaty of Moscow with the Soviet Union and the Treaty of Warsaw with Poland in 1970, as well as the Basic Treaty with the German Democratic Republic (GDR) in 1972—resulted in a rise of political and economic contacts on the continent, unprecedented for post-war European history.⁶ This period is sometimes referred to as the ‘high détente’. It peaked in 1975 with the Helsinki Accords, when the European territorial status quo was confirmed and the participating states agreed to broaden and solidify cooperation on the continent. Moreover, in striking contrast to the superpower détente, the European process did not end with the Soviet invasion of Afghanistan. The Polish 1981 crisis brought more damage to the relations between European states. Even on this occasion, however, Western Europe opposed the headstrong foreign policy line developed by the new US president Ronald Reagan. Western European states also became frontrunners of rebuilding East-West contacts, following the crisis of the early 1980s. As suggested by Csaba Békés, the détente in Europe continued until the end of the Cold War.⁷

⁵On Ostpolitik in the 1960s: Sara Tavani, *“Non dovrà essere un'altra Yalta”: l'Ostpolitik italiana degli anni Sessanta e la ricerca di un Nuovo ordine europeo* (Milano: CEDAM, 2017); Per Boje, Marianne Rostgaard and Mogens Rüdiger, *Handelspolitikken som kampplads under Den Kolde Krig* (Aalborg: Aalborg Universitetsforlag, 2012); Geraint Hughes, *Harold Wilson's Cold War. The Labour Government and East-West Politics, 1964-1970* (Suffolk: Boydell and Brewer, 2009); Vincent Dujardin, ‘Go-Between: Belgium and Détente, 1961–73’, *Cold War History* 7:1 (2007): 95–116; Karsten Rudolph, *Wirtschaftsdiplomatie im Kalten Krieg. Die Ostpolitik der westdeutschen Grossindustrie, 1945–1991* (Frankfurt am Main and New York: Campus Verlag, 2004); Marie Pierre-Rey, *La tentation du rapprochement: France et URSS à l'heure de la détente (1964–1974)* (Paris: Publications de la Sorbonne, 1991).

⁶On Ostpolitik in FRG see: Gottfried Niedhart, ‘Ostpolitik: Transformation through Communication and the Quest for Peaceful Change’, *Journal of Cold War Studies* 18:3 (2016): 3–13; Arne Hofmann, *The emergence of détente in Europe: Brandt, Kennedy and the formation of Ostpolitik* (London: Routledge, 2007); Mary Sarotte, *Dealing with the Devil. East Germany, Détente, and Ostpolitik, 1969–1973* (Chapel Hill and London: The University of North Carolina Press, 2001).

⁷Csaba Békés, ‘The Long Détente and the Soviet Bloc, 1953–1983’, in Oliver Bange and Paul Villaume (eds.), *The Long Détente. Changing Concepts of Security and Cooperation in Europe, 1950s–1980s* (Budapest: Central European

The open-ended chronology of European détente results from the fact that it cannot be reduced to a foreign policy phenomenon. As new studies have revealed, the détente was as much about economic, cultural, and ideological exchanges as it was about international affairs. In recent years, scholars have brought to light numerous spheres of interaction and cooperation, which took place in Europe under the umbrella of détente. Naturally, the diversified character of these exchanges also resulted in the multiplication of actors. In addition to national governments, the narrative about European détente comes from the perspective of international organisations, big business, banks, and scientists, to name the most important actors.⁸

It would be an exaggeration to claim that the socialist regimes are neglected in such studies. However, when compared with studies embracing the Western European perspective and relying on Western European sources, they certainly remain understudied. In the case of Poland, a few international studies discuss the country's situation and foreign policy in the 1970s.⁹ The Polish-FRG relationship is particularly well researched.¹⁰ Additionally, some chapters and articles on Poland's relationships with other European states and organisations have also been published in recent years.¹¹

University Press, 2017), 31-49; Csaba Békés, 'Détente and the Soviet Bloc. From Promoter to Victim, 1975-91', in Poul Villaume, Rasmus Mariager and Helle Porsdam (eds.), *The "Long 1970s": Human Right, East-West Détente and Transnational Relations* (London and New York: Routledge, 2016), 165-83.

⁸For the variety of approaches to European détente see: Poul Villaume, Rasmus Mariager and Helle Porsdam (eds.), *The "Long 1970s": Human Right, East-West Détente and Transnational relations* (London and New York: Routledge, 2016); Sari Autio-Sarasma and Katalin Miklóssy (eds.), *Reassessing Cold War Europe* (Milton Park, Abingdon, Oxon: Routledge, 2011); Wilfried Loth and George-Henri Soutou (eds.), *The Making of Détente: Eastern Europe and Western Europe in the Cold War, 1965-75* (London: Routledge, 2008).

⁹Wanda Jarząbek, 'Polish economic policy at the time of détente, 1966-78', *European Review of History* 21:2 (2014): 293-309.

¹⁰Wanda Jarząbek, 'The impact of the German Question on Polish attitudes towards CSCE, 1964-1975', *Journal of Cold War Studies* 18:3 (2016): 139-57; Katarzyna Stokłosa, *Polen und die deutsche Ostpolitik 1945-1990* (Göttingen: Vandenhoeck & Ruprecht, 2011); Wanda Jarząbek, 'Polish reactions to the West German Ostpolitik and the East-West Détente, 1966-1978', in Poul Villaume and Odd Arne Westad (eds.), *Perforating the Iron Curtain. European Détente, Transatlantic Relations, and the Cold War, 1965-1985* (Copenhagen: Museum Tusculanum Press, 2010), 35-55; Wanda Jarząbek, 'Die Haltung der Volksrepublik Polen zur Normalisierung der Beziehungen mit der Bundesrepublik Deutschland 1970-1975', *Deutsch-polonisches Jahrbuch* 13 (2005): 85-130.

¹¹Wanda Jarząbek, 'The Polish United Workers' Party and Western European Integration, 1957-1979', in Francesco Di Palma and Wolfgang Mueller (eds.), *Kommunismus und Europa. Europapolitik und vorstellungen europäischer kommunistischer Parteien im Kalten Krieg* (Paderborn: Ferdinand Schöningh, 2016), 106-17; Sara Tavani, 'Muddling Through the European Bloc System: The Evolution of Italian-Polish Relations over the 1970's and 1980's', in Wilfried Loth and Nicolae Păun (eds.), *Disintegration and Integration in East-Central Europe: 1919-post-1989* (Baden-Baden: Nomos, 2014), 147-68; Wanda Jarząbek, 'Hope and Reality: Poland and the Conference on Security and Cooperation in Europe, 1964-1989', *Cold War International History Project, Working Paper* 56, Woodrow Wilson Centre for Scholars (2008); Zdzisław Lachowski, 'Diplomatic File- Polish Diplomacy and the CSCE Process during the Cold War Period', *The Polish Quarterly of International Affairs* 4 (2007): 73-104; Dagmara Jajeśniak-Quast, 'Reaktionen auf die Westeuropäische Wirtschaftsintegration in Ostmitteleuropa: Die Tschechoslowakei und Polen in den fünfziger bis zu den siebziger Jahren', *Journal of European Integration History* 13:2 (2007): 69-84.

Additionally, much more has been written on Poland's détente in Polish. Still, these studies are exclusively preoccupied with diplomatic relations as traditionally understood and function largely independently of the international scholarship described above.¹²

The underrepresentation of socialist regimes in the rising international history of détente carries consequences for the overall depiction of this period. Inevitably, the socialist part of the continent emerges as a passive actor, which merely responded to initiatives and pressures coming from Western Europe. The vocabulary often applied in such détente studies, including phrases such as 'Helsinki trap'¹³ only reinforces this effect, implying that Ostpolitik was a long-term masterplan. This interpretation might lead to a replication of the triumphant post-Cold War narrative of the 1990s, only with Western Europe replacing the US in the leading role.¹⁴ Such an idea would be historically mistaken. Studies on Western Europe Ostpolitik have shown that even the most ambitious architects of this policy did not expect that the socialist regimes would collapse by the 1990s. Instead, they hoped to improve international security, challenge bipolarity, establish closer economic cooperation, and open up the possibility of a gradual convergence between socialist regimes and the socio-democratic model developed in Western Europe.¹⁵ As argued by Jeremi Suri, these objectives were not only conservative, but also determined by the need to maintain domestic peace and stability,

¹²On Poland's diplomacy in the 1970s in general: Andrzej Skrzypek, *Dyplomatyczne dzieje PRL w latach 1956-1989* (Pułtusk: Akademia Humanistyczna im. Aleksandra Gieysztor, 2010), 188-302; Andrzej Skrzypek, 'Dyplomacja sukcesu? Międzynarodowa aktywność ekipy Edwarda Gierka w latach 1971-1975', *Zeszyty Naukowe Ostrłęckiego Towarzystwa Naukowego* 21 (2007), 163-205; On Polish relationship with France: Dariusz Jarosz and Maria Pasztor, *Polska-Francja, 1970-1980. Relacje wyjątkowe?* (Warszawa: Aspra, 2012); Dariusz Jarosz and Maria Pasztor, 'Wizyta Edwarda Gierka we Francji w październiku 1972 roku' *Zeszyty Historyczne* 153 (2005): 79-130; On Polish relationship with Italy: Dariusz Jarosz and Maria Pasztor, *Nie tylko Fiat. Z dziejów stosunków polsko-włoskich 1945-1989* (Warszawa: Państwowe Wydawnictwo Naukowe, 2019); On Polish relationship with the UK: Jacek Tebinka, 'Polityka Wielkiej Brytanii wobec Polski Edwarda Gierka, grudzień 1970- luty 1974', in Krzysztof Ruchniewicz, Bożena Szaynok and Jakub Tyszkiewicz (eds.), *W Dekadzie Gierka* (Toruń: Wydawnictwo Adam Marszałek, 2010), 102-17; On Polish foreign policy in specific year: Paweł Machcewicz, 'Materiały: Polityka Zagraniczna PRL w roku 1975', *Polski Przegląd Dyplomatyczny* 4:62 (2011): 119-52; Piotr Majewski, 'Polityka zagraniczna PRL w roku 1977', *Polski Przegląd Dyplomatyczny* 6:52 (2009): 109-38; Piotr Długolecki, 'Polityka zagraniczna Polski w 1976 roku', *Polski Przegląd Dyplomatyczny* 3:49 (2009): 103-32; Piotr Majewski, 'Polityka zagraniczna PRL w roku 1973- ciągłość i ograniczenia', *Polski Przegląd Dyplomatyczny* 6:34 (2006): 111-33; Włodzimierz Borodziej, 'Polityka zagraniczna Polskiej Rzeczypospolitej Ludowej w roku 1972- szkic do dyskusji', *Polski Przegląd Dyplomatyczny* 1:23 (2005): 15-33.

¹³Jacques Andréani, *Le Piège: Helsinki et la chute du communisme* (Paris: Odile Jacob, 2005).

¹⁴For studies emphasising the role of Western Europe in the end of the Cold War: John Young, 'Western Europe and the end of the Cold War, 1979-1989', *The Cambridge History of the Cold War*, vol. 3, *Endings* (Cambridge: Cambridge University Press, 2010), 289-310; Frédéric Bozo, Marie-Pierre Rey, Piers Ludlow and Leopoldo Nuti (eds.), *Europe and the End of the Cold War. A reappraisal* (London and New York: Routledge, 2008).

¹⁵See essays on Western Europe in Frédéric Bozo, Marie-Pierre Rey, Piers Ludlow and Bernd Rother (eds.), *Vision of the End of the Cold War in Europe, 1945-1990* (New York: Berghahn Book, 2012).

which was endangered following the events of the global protest movement of 1968.¹⁶ As such, we know more about the goals and expectations of Ostpolitik. In light of the developing historiography of the European détente, a parallel investigation of socialist regimes emerges as a crucial task. This dissertation aims to contribute to such an endeavor.¹⁷

The second, critical development of the 1970s is Western European integration. According to the traditional narrative of its history, the European Economic Community (EEC), following its 1957 establishment by the Treaty of Rome, saw the successful integration of the six original members throughout the first eight years. The empty chair crisis of 1965, when de Gaulle blocked the United Kingdom's (UK) membership in the organisation, marked the beginning of the European integration crisis, which ended only in the mid-1980s with the European Single Act negotiations. As such, the period in between has been referred to as 'eurosclerosis'. Apart from the presumably decreased pace of integration, the term also alludes to the economic slowdown of Western European countries in comparison to the US and East Asia.

In recent years, this picture has almost completely reversed. New studies have not only revealed that the 1970s brought about many critical changes, but also that the crisis expedited them. Many new initiatives were launched during the Hague Summit in 1969. It was under these circumstances that EEC members agreed to prepare a plan for closer monetary cooperation. This decision led first to the introduction of the 'snake in the tunnel' monetary system in 1972, and then, following its collapse, the European Monetary System in 1979. Moreover, new steps were taken to develop the Common Market. These included the improvement of the Common Agricultural Policy (CAP), functioning in the EEC since 1962, as well as the establishment of the Common Commercial Policy (CCP), which was implemented in 1975. The Hague Summit also resulted in the first enlargement of the EEC. The original six members approved the membership of the UK, Ireland, Denmark, and Norway. Ultimately, only the first three of these countries became EEC members in 1973. At this time, the EEC introduced the European Political Cooperation tool, which was supposed to increase political

¹⁶The author makes this argument based on the study of France, the FRG, the US as well as China and the Soviet Union: Jeremi Suri, *Power and Protest: Global Revolution and the Rise of Détente* (Cambridge, MA: Harvard University Press, 2003).

¹⁷This was one of the principal objectives of the research project 'PanEur1970s. Looking West: the European Socialist regimes facing pan-European cooperation and the European Community' which this dissertation contributes to. For the overall results see: Angela Romano and Federico Romero (eds.), *European Socialist Regimes' Fateful Engagement with the West. National Strategies in the long 1970s* (London and New York: Routledge, 2020).

cohesion.¹⁸ Moreover, during the 1970s, the EEC expanded its institutional apparatus. In 1974, it created the European Council, an informal meeting of heads of states or government. Then, in 1979, it held first elections to the European Parliament. In summary, in the 1970s, the EEC became more economically integrated, grew in size, and began to aspire to a more significant political role.¹⁹

These aspirations proved largely successful. A recent volume on external EEC relations during the Cold War identified the 1970s as the critical decade for the transformation of the organisation's geopolitical role. As Piers Ludlow writes: 'Europe seemed to have discovered a collective Cold War role during the era of high détente that they had struggled to achieve at any earlier point'.²⁰ The stronger cooperation happened not only in the context of an economic crisis, but also an increasing divergence between the US and EEC members. Historians agree that 1970-3 were the most difficult years for the Cold War transatlantic relationship. However, tensions would also continue to rise in later years. Disagreements centred around economic and monetary matters, as well as foreign policy questions such as the war in Vietnam, the relationship with China, and European détente.²¹ According to Angela Romano, it is the last of these that became a key foreign policy priority for the EEC and the testing ground for its new cohesion mechanism. Romano showed that that EEC members successfully coordinated and pushed through their CSCE vision, promoted pan-European cooperation, and deliberately challenged the bipolar Cold War division of the continent.²² This new framing of the role

¹⁸On the Hague summit see: Jan van der Harst (ed.), *Beyond the Customs Union: The European Community's Quest for Deepening, Widening, and Completion, 1969-1975* (Brussels: Bruylant, 2007); Jan van der Harst, 'The 1969 Hague Summit: a New Start for Europe?', *Journal of European Integration History* 9:2 (2003): 5-10;

¹⁹On the European integration in the 1970s see e.g.: Emmanuel Mourlon-Druol and Federico Romero (eds.), *International Summitry and Global Governance. The Rise of the G7 and the European Council, 1974-1991* (New York: Routledge, 2014); Johnny Laursen (eds.), *The Institutions and Dynamics of the European Community, 1973-83* (Baden-Baden: Nomos, 2014); Giuliano Garavini, *After Empires: European Integration, Decolonization, and the Challenge from Global South 1957-1986* (Oxford: Oxford University Press, 2012); Anil Awesti, 'The Myth of Eurosclerosis: European Integration in the 1970s', *L'Europe en Formation* (2009): 39-53.

²⁰Piers Ludlow, 'The History of the EC and the Cold War: Influenced and Influential, but Rarely Centre Stage', in Ulrich Krotz, Kiran Klaus Patel and Federico Romero (eds.), *Europe's Cold War Relations: The EC Towards a Global Role* (New York: Bloomsbury Academic, 2019), 24; This point comes across in the majority of essays in this volume.

²¹On the crisis in the transatlantic alliance e.g.: Aurélie Élisabeth Gfeller, *Building a European Identity. France, the United States and the Oil Shock, 1973-1974* (New York: Berghahn, 2012); Matthias Schulz and Thomas Alan Schwartz (eds.), *The strained alliance: U.S.-European relations from Nixon to Carter* (New York: Cambridge University Press, 2009); Daniel Möckli, *European Foreign Policy During the Cold War. Heath, Brandt, Pompidou and the Dream of Political Unity* (London: I.B. Tauris, 2008).

²²Angela Romano, 'The EC and the Socialist World: The Ascent of a Key Player in Cold War Europe', in Ulrich Krotz, Kiran Klaus Patel and Federico Romero (eds.), *Europe's Cold War Relations: The EC Towards a Global Role* (New York: Bloomsbury Academic, 2019), 51-69; The argument about politically-driven agenda towards socialist regimes was also made by Benedetto Zaccaria for Yugoslavia: Benedetto Zaccaria, *The EEC's Yugoslav Policy in Cold War Europe, 1968-1980* (London: Palgrave Macmillan, 2016); Angela Romano, 'Untying Cold War knots: The European Community and Eastern Europe in the long 1970s', *Cold War History* 14:2 (2014): 153-73; Angela Romano, *From Détente in Europe to European Détente: How the West Shaped the Helsinki CSCE* (Bruxelles: Peter Lang, 2009).

of the EEC, which emerged from the intersection of scholarship on Western European integration and the détente, also demanded a response by scholars investigating socialist regimes.²³

The relationship between the EEC and socialist Europe was initially studied in economic terms. From this perspective, the increasingly closed Common Market presented a threat to East-West trade. This phenomenon, as well as attempts to overcome it through the agreement between the EEC and the Council for Mutual Economic Assistance (CMEA), which has been negotiated since 1975, has long been observed by political scientists and historians.²⁴ Specific national cases, however, have only recently attracted the attention of scholars. These studies have shown that the goals of the European socialist regimes were not fully grasped by the line represented by the CMEA.²⁵ Research on Poland and the EEC has supported this interpretation, also indicating that the Western European integration was above all an economic challenge.²⁶

In contrast, scholars recognise the EEC as a political actor in Eastern Europe only after 1989. As such, studies covering the preceding years were focused on economic exchanges and trading technicalities, paying much less attention to the political dimension of Western European integration and how it contributed to challenging Cold War bipolarity. Similarly, studies of socialist regimes took little interest in the manner in which the EEC had an indirect influence on the socialist side of the continent. For instance, there has been scant work on how socialist regimes created a pole of attraction or inspired integration within the CMEA.²⁷ In this dissertation, I take a different approach. I argue

²³This question has been asked in Angela Romano and Federico Romero, 'European Socialist regimes facing globalisation and European co-operation: dilemmas and responses- introduction', *European Review of History* 21:2 (2014): 157-64; 'PanEur1970s' research project responded to this call. For the results see: Romano and Romero (eds.), *European Socialist Regimes*.

²⁴Suvi Kansikas, *Socialist Countries Face the European Community. Soviet-Bloc Controversies over East-West Trade* (Frankfurt am Main: Peter Lang, 2014); Jack Kaikati, 'Models of Success and Failure in European Integration', *East European Quarterly* 26:3 (1992): 291-307; Domenico Mario Nuti, 'Economic Relations between the European Community and CMEA', EUI Working Paper, 88/360 (1988); Robert Cutler, 'Harmonizing EEC-CMEA relations: never the twain shall meet?', *International Affairs* 63:2 (1987): 259-70.

²⁵Chapters on national cases in Romano and Romero (eds.), *European Socialist Regimes*; other articles published as part of the 'PanEur1970s': Maximilian Graf, 'Nichtanerkennung zu eigenen Lasten? Die DDR und die Europäische Wirtschaftsgemeinschaft in den "langen 1970er-Jahren"', *Jahrbuch für historische Kommunismusforschung* (2020), 225-38; Benedetto Zaccaria, 'Yugoslavia, Italy, and European Integration: was Osimo 1975 a Pyrrhic victory?', *Cold War History* 20:4 (2020): 503-20; Maximilian Graf, 'Die DDR und die EWG 1957-1990', *Revue d'Allemagne et des pays de langue allemande* 51:1 (2019): 21-35; Pál Germuska, 'Balancing between the COMECON and the EEC: Hungarian elite debates on European integration during the long 1970s', *Cold War History* 19:3 (2019), 401-20; other authors on this topic: Elena Dragomir, 'Breaking the CMEA hold: Romania in search of a 'strategy' towards the European Economic Community, 1958-1974', *European Review of History* 27:4 (2019), 494-526; Stefano Bottoni, 'Unrequited Love? The Romanian Communist Party and the EEC in the 1960s and 1970s', in Francesco Di Palma and Wolfgang Mueller (eds.), *Kommunismus und Europa. Europapolitik und vorstellungen europäischer kommunistischer Parteien im Kalten Krieg* (Paderborn: Ferdinand Schöningh, 2016), 118-37; Ivan Obadić, 'A Troubled Relationship: Yugoslavia and the European Economic Community in Détente', *European Review of History* 21:2 (2014): 329-48.

²⁶Jajeński-Quast, 'Reaktionen auf die Westeuropäische'; Jarząbek, 'The Polish United Workers'.

²⁷Piers Ludlow, 'European integration and the Cold War', in Melvyn Leffer and Odd Arne Westad (eds.), *The Cambridge History of the Cold War*, vol. 2, *Crises and Détente* (Cambridge: Cambridge University Press, 2010), 195; Federico Romero, *Storia della guerra fredda. L'ultimo conflitto per Europa* (Torino: Einaudi, 2009), 10.

that the EEC and its members were central actors in Poland's opening towards the West, both in the economic and the political sense.

The third critical process of the 1970s is globalisation; in its broadest definition, it includes the two previously discussed processes. In the 1990s, globalisation has become one of the most influential tools of historical analysis. This new global approach to history made two essential contributions. First, despite originating in the 1990s, it demonstrated that globalisation had a long history and that the term did not exclusively relate to deregulation, expansion of transnational capital, and ideas of liberalism and democracy in the post-Cold War period. Second, it rejected the view that the West and Western capitalism was, and continues to be, the only actor in this process.

For 20th century historians, shifting the time frame of globalisation resulted in the depiction of the 1970s as the decade when the phenomenon accelerated. This interpretation originated from histories that applied an economic lens. Indeed, the 1970s brought an end to the steady and harmonious economic growth of the West post-1945, often considered a golden age of capitalism. The collapse of the Bretton Woods financial system, the backbone of post-war economic architecture, and the oil shocks of 1973 and 1979, mark the birth of a new global financial capitalism characterised by a rapid increase of cross-border capital flows, deterritorialisation of production, and the rise of multinationals.²⁸ Historians quickly realised, however, that this shift goes beyond economics. Consequently, the 1970s are now considered not only a period of economic rupture, but also a period marking the increasing entanglement of politics, societies, technologies, cultures, and ideas.²⁹

By the same token, the globalisation of the 1970s started to be linked with the history of socialist regimes. Although political scientists have tended to recognise their increased integration with the global economy in this period and have pointed to this development as critical for their future³⁰, this phenomenon started to be explored by historians only recently. The question of foreign debts and the place of socialist regimes in the Sovereign Debt Crisis of the 1980s attracted particular scholarly attention. Recent studies on this phenomenon successfully linked the history of globalisation with

²⁸E.g. Jeffrey Frieden, *Global Capitalism: Its Fall and Rise in the Twentieth Century* (New York: W.W. Norton Company, 2006); Eric Hobsbawm, *The Age of Extremes: The Short Twentieth Century, 1914-1991* (London: Michael Joseph, 1994).

²⁹The volume representing the variety of approaches to the 1970s globalisation is: Niall Ferguson et al. (eds.), *The Shock of Global: The 1970s in Perspective* (Cambridge, MA: Harvard University Press, 2011).

³⁰Kazimierz Poznański, *Poland's Protracted Transition: Institutional Change and Economic Growth, 1970-1994* (Cambridge: Cambridge University Press, 2010); Batara Simatupang, *The Polish Economic Crisis: Background, Causes and Aftermath* (London: Routledge, 1994); Ben Slay, *The Polish Economy: Crisis, Reform, and Transformation* (Princeton: Princeton University Press, 1994).

that of the détente.³¹ Increasingly, historians have begun to argue that these two histories are crucial to explain the long-debated fall of socialist regimes and the subsequent end of the Cold War.³² In this dissertation, I argue for this very interpretation.

This extension of the history of globalisation to include socialist regimes required the definition of their role in the process. In recent years, the idea that globalisation victimised socialist regimes—popular in the 1990s—underwent a drastic revision.³³ Following global history and studies of empires and colonialism, Cold War globalisation started to be depicted as a process shaped by different actors across the globe. Scholars began to study the system of global connections created by the Soviet Union and other socialist regimes, especially in the 1950s and 1960s.³⁴ Some studies recognised this ‘alternative globalisation’ as a challenge posed by socialist regimes and the Global South to the developed capitalist countries.³⁵ However, they agree that in the 1970s, attempts at creating a different model of globalisation diminished and all its actors gradually turned towards the West.³⁶

As such, roughly twenty years before their collapse, socialist regimes became a part of unfolding globalisation, defined by capitalism, as well as Western countries and institutions. Some

³¹Romano and Romero (eds.), *European Socialist Regimes*; Emmanuel Mourlon-Druol, ‘The role of a creditor in the making of a debt crisis: the French government’s financial support to Poland, between cold war interests and economic constraints, 1958-1981’, *Financial History Review* 27:1 (2020): 73-94; Fritz Bartel, ‘Fugitive Leverage: Commercial Banks, Sovereign Debt, and Cold War Crisis in Poland, 1980–1982’, *Enterprise & Society* 18:1 (2017): 72-107; André Steiner, ‘The Globalisation Process and the Eastern Bloc Countries in the 1970s and 1980s’, *European Review of History* 21:2 (2014): 165–81; Stephen Kotkin, ‘The Kiss of Debt: The East Bloc Goes Borrowing’, in Niall Ferguson et al. (eds.), *The Shock of Global: The 1970s in Perspective* (Cambridge, MA: Harvard University Press, 2011), 80-92.

³²E.g. Romero, *Storia della guerra fredda*; Philipp Ther, *Europe since 1989*, trans. Charlotte Hughes-Kreutzmüller (Princeton and Oxford: Princeton University Press, 2016), 37-9; Iván Berend, *From the Soviet Bloc to the European Union: The Economic and Social Transformation of Central and Eastern Europe Since 1973* (New York: Cambridge University Press, 2009); David Lockwood, *The Destruction of the Soviet Union: A Study in Globalization* (New York: St. Martin’s Press, 2000).

³³James Mark and Tobias Rupperecht, ‘The Socialist World in Global History. From Absentee to Victim to Co-Producer’, in Matthias Middell (ed.), *The Practice of Global History: European Perspectives* (London: Bloomsbury, 2019): 81-113.

³⁴In the recent years the scholarship concerned with relationship between Second and Third Worlds became immense. For the general overviews of this historiography: Mark and Rupperecht, ‘The Socialist World in Global History’; David Engerman, ‘The Second World’s Third World’, *Kritika: Explorations in Russian and Eurasian History* 12:1 (2011): 183-221; Tobias Rupperecht, ‘Die Sowjetische Gesellschaft in der Welt des Kalten Krieges. Neue Forschungsperspektiven’, *Jahrbücher für Geschichte Osteuropas* 58:3 (2010): 381–99.

³⁵James Mark, Artemy Kalinovsky and Steffi Marung (eds.), *Alternative Globalizations: Eastern Europe and the Postcolonial World* (Bloomington: Indiana University Press, 2020); Johanna Bockman, ‘Socialist Globalization against Capitalist Neocolonialism: The Economic Ideas behind the New International Economic Order’, *Humanity: An International Journal of Human Rights, Humanitarianism, and Development* 6:1 (2015): 109-28.

³⁶James Mark, Artemy Kalinovsky and Steffi Marung, ‘Introduction’, in James Mark, Artemy Kalinovsky and Steffi Marung (eds.), *Alternative Globalizations. Eastern Europe and the Postcolonial World* (Bloomington: Indiana University Press, 2020), 1-31; Sara Lorenzini, ‘Comecon and the South in the years of détente: a study on East-South economic relations’, *European Review of History* 21:2 (2014): 183-99.

scholars have attempted to redefine the role of socialist actors in this process. Johanna Bockman famously put forward an argument about the contribution of socialist economists to the emergence of neoliberalism as mainstream economic thought in the 1980s.³⁷ In relation to the economic face of globalisation, Besnik Pula also made a point about the agency of socialist regimes. Specifically, he argued that although Western actors were more influential in this process, in socialist regimes and ‘by navigating at the margins and helping shape the articulations of globalisation in both pre-and post-1989 East Europe, local elites and other actors played their role in molding globalisation in forms amenable to local conditions and harnessing its forces in the service of domestic goals’.³⁸ Though the author provides compelling data to show the interconnectedness of socialist regimes with the global economy in the 1970s, he talks little about the motivations for these policies and the manner in which ‘molding globalisation’ took place. In this dissertation, I historicise the argument about socialist agency and develop it further for the Polish case.

Finally, as previously mentioned, the scholarship addressing European détente, Western European integration, and globalisation became increasingly intertwined. This resulted in what is sometimes referred to as a ‘new international history of the 1970s’.³⁹ The intersection of these fields has a number of key implications upon which I rely in the current study.

First, the bridging of European détente and globalisation literature has resulted in an increasingly fluid line between foreign policy and economics. According to this perspective, globalisation shaped the last two decades of the Cold War, and the Cold War politics shaped globalisation.⁴⁰ While the interplay of economic and political goals has already been scrutinised in the case of the Western European actors⁴¹, I argue that the same is true for socialist regimes. This

³⁷ Johanna Bockman, *Markets in the Name of Socialism: The Left-Wing Origins of Neoliberalism* (Stanford: Stanford University Press, 2011).

³⁸ Pula Besnik, *Globalization Under and After Socialism: The Evolution of Transnational Capital in Central and Eastern Europe* (Stanford: Stanford University Press, 2018), 17.

³⁹ For the detailed review of the new scholarship of the 1970s see: Michele Di Donato, ‘Landslides, Shocks, and New Global Rules: The US and Western Europe in the New International History of the 1970s’, *Journal of Contemporary History* 55:1 (2020): 182-205.

⁴⁰ The argument about the Cold War dynamic shaping globalisation was made by: Hyung-Gu Lynn, ‘Globalisation and the Cold War’, Richard Immerman and Petra Goedde (eds.), *The Oxford Handbook of the Cold War* (Oxford: Oxford University Press, 2013).

⁴¹ For the studies which emphasise the interplay of economic and political goals behind détente policy in Western Europe: Murlon-Druol, ‘The role of a creditor’; Kieninger, ‘Diplomacy beyond deterrence: Helmut Schmidt and the economic dimension of Ostpolitik’, *Cold War History* 20:2 (2019), 179-96; Rudolph, *Wirtschaftsdiplomatie im Kalten Krieg*; Pierre Bouillon, *Le prix de la détente?: La politique française en Hongrie et en Roumanie (1968-1977)* (Rennes: PUR, 2016); Angela Romano, ‘The UK Policy Towards Socialist Countries in the 1970s: Trade as a Cornerstone of Détente’, in Effie Pedaliu, John Fisher, and Richard Smith (eds.), *The Foreign Office, Commerce and Foreign Policy in the Twentieth Century* (London: Palgrave Macmillan, 2016), 465–85.

allows for a new approach to the history of the socialist regime in Poland, which so far firmly separated studies on diplomacy and the economy.⁴²

Second, the intersection between the history of Western European integration and détente, as well as 1970s globalisation, reinforced the depiction of the EEC and its members as actors politically, ideologically, and economically distinct from the US.⁴³ In this study, I rely on this distinction and argue that it was critical from the perspective of socialist regimes. I show that for them, the path towards capitalist globalisation ran through Western Europe. In this sense, their experience of the 1970s can be framed not only as ‘globalisation’, but also ‘Europeanisation’.

Third, from the perspective of studies on the European détente, Western European integration, and globalisation, the 1970s were a transformative decade which could explain both the end of the Cold War and the construction of the new world order. In many ways, these new studies undermined the firm cesura of 1989/91.⁴⁴ In this dissertation, I also apply this perspective and propose an approach to 1970s Poland that moves beyond the crisis of the 1980s and the general history of the fall of socialist regimes.

Socialist elites

The fact that socialist regimes remain underrepresented in recent scholarship on the 1970s stems from the difficulty of depicting socialist elites as actors in international change. Their role, except in the few aforementioned studies, often comes across as passive. The origins of this difficulty are twofold. First, their decisions are usually considered to be determined either by the Soviet Union or, in Poland’s particular case, domestic factors like fear of popular protests. Second, socialist elites are

⁴²Exception from this rule is: Jarząbek, ‘Polish economic policy’, 293–309; For studies on Poland’s diplomacy in the 1970s see footnote: 12; For studies on Poland’s economy in the 1970s see: Leszek Jasiński, *Bliżej centrum czy na peryferiach? Polskie kontakty gospodarcze z zagranicą w XX wieku* (Warszawa: Trio, 2011), 249–75; Łukasz Dwilewicz, ‘Polityka gospodarcza, a spokój społeczny. Posunięcia władz partyjnych i państwowych od grudnia 1970 r. do grudnia 1971 r.’, in Elżbieta Kościak and Tomasz Głowiński (eds.), *Gospodarka i społeczeństwo w czasach PRL-u (1944–1989)* (Wrocław: Gajt, 2007), 333–53; Łukasz Dwilewicz, ‘Reformy Bolesława Jaszczyka i polityka gospodarcza ekipy gierkowskiej- zwrot i ciągłość’, in Krzysztof Rybiński (ed.), *Dekada Gierka. Wnioski dla obecnego okresu modernizacji Polski* (Warszawa: Wyższa Szkoła Ekonomiczno-Informatyczna, 2011), 73–120; Andrzej Jezierski and Cecylia Leszczyńska, *Historia Gospodarcza Polski* (Warszawa: Key Text, 2003), 464–557; Janusz Kaliński and Zbigniew Landau, *Gospodarka w Polsce w XX wieku* (Warszawa: Polskie Wydawnictwo Ekonomiczne, 1998), 290–329; Poznański, *Poland’s Protracted Transition*; Simatupang, *The Polish Economic Crisis*; Slay, *The Polish Economy*.

⁴³E.g. articles in Andry, Aurélie, Haakon Ikonomou, Quentin Jouan and Emmanuel Mourlon-Druol (eds.), Special issue ‘Rethinking European Integration History in Light of Capitalism’, *European Review of History* 26:4 (2019).

⁴⁴James Mark, Bogdan Iacob, Tobias Rupprecht and Ljubica Spaskovska, *1989: A Global History of Eastern Europe* (Cambridge: Cambridge University Press, 2019).

often judged as incompetent and vulnerable. As a result, scholars mistakenly see them as unable to contribute to global transformations.

The degree to which Moscow influenced policymaking in the socialist regimes of Eastern Europe remains a debated question. However, in recent years, challenging Soviet regional dominance became a principal trend in the historiography of European socialism. Contemporary scholars agree that following de-Stalinisation, policy in the socialist regimes was largely shaped by national elites. To this end, terms like ‘satellite states’ became obsolete. The Warsaw Pact and the CMEA, previously considered tools of Soviet military and economic domination, would now be depicted as multilateral forums offering smaller socialist states room for independent manoeuvre and a space where they could elude Moscow’s policy line.⁴⁵ Moreover, these arguments are supported by research on Soviet policy. Studies show that after the 1970s, socialist regimes increasingly became an economic burden for Moscow. As a consequence, Moscow’s readiness to use all possible means to maintain control over Eastern Europe declined.⁴⁶

The question of Moscow’s role also attracted particular attention for 1970s Poland. Scholars agree that the relationship between the two countries can be characterised in terms of clientelism, rather than dominance or subordination. They show that the Polish leadership continuously sought out ways to expand its margin of independence.⁴⁷ For example, Jakub Szumski, who recently scrutinised the ‘uneven friendship’ between Brezhnev and Gierek, demonstrated how the latter successfully profited from the former’s ‘spot for honours’ to gain Soviet trust. The author suggested that the particularly amicable relationship between the Soviet Union and Poland in the 1970s enabled

⁴⁵Laurien Crump and Angela Romano, ‘Challenging the superpower straitjacket (1965-1975). Multilateralism as an instrument of smaller powers’, in Laurien Crump and Susanna Erlandsson (eds.), *Margins for Manoeuvre in Cold War Europe. The Influence of Smaller Powers* (London: Routledge, 2019), 13-31; Laurien Crump, *The Warsaw Pact Reconsidered. International Relations in Eastern Europe, 1955-1969* (New York and London: Routledge, 2015); Kansikas, *Socialist Countries Face*; Suvi Kansikas, ‘Room to manoeuvre? National interests and coalition-building in the CMEA, 1969-1974’, in Sari Autio-Sarasmo, Katalin Miklóssy (eds.), *Reassessing Cold War Europe* (Oxon and New York: Routledge, 2011), 193-209; Randall Stone, *Satellites and Commissars. Strategy and Conflict in the Politics of Soviet-Bloc Trade* (Princeton: Princeton University Press, 1996).

⁴⁶E.g. Suvi Kansikas, ‘Calculating the Burden of Empire: Soviet Oil, East-West Trade, and the End of the Socialist Bloc’, in Jeronim Perović (ed.), *Cold War Energy. A Transnational History of Soviet Oil and Gas* (Basingstoke: Palgrave Macmillan, 2017), 345-69; Vladislav Zubok, ‘The Soviet Union and détente of the 1970s’, *Cold War History* 8:4 (2008): 427-47.

⁴⁷Włodzimierz Borodziej, ‘Polskie peryferie polityki zagranicznej Związku Radzieckiego- lata siedemdziesiąte’, in Włodzimierz Borodziej and Sławomir Dębski (eds.), *Modernizacja. Centrum. Peryferie. Księga jubileuszowa z okazji 70. Rocznicy urodzin Profesora Ryszarda Stemplowskiego* (Warszawa: Polski Instytut Spraw Międzynarodowych, 2009), 51-72; Andrzej Skrzypek, *Mechanizmy klientelizmu. Stosunki polsko-radzieckie 1965-1989* (Pułtusk: Akademia Humanistyczna im. Aleksandra Gieysztor, 2008).

Gierek's leadership to pursue a more independent Western policy.⁴⁸

In this dissertation, I rely on these studies by assuming that within broad limits defined by Moscow, Poland's policy in the 1970s was largely shaped by socialist elites. This argument is enhanced with a comparative perspective from other European socialist regimes. Although all were under the Soviet sphere of influence, their economic and foreign policy choices in the 1970s were often very different.⁴⁹ I point to these differences throughout the study to further emphasise the role of national socialist elites in policymaking.

Apart from the influence of the Soviet Union, the choices of socialist elites have typically been attributed to domestic factors. Suri made the argument about the primacy of domestic goals in the foreign policy of détente. Although the author does not examine socialist regimes apart from the Soviet Union and China⁵⁰, his claims are applicable to the traditional construal of Poland's history of the 1970s. According to its master narrative, the chain of domestic upheavals— including 1956, 1968, 1970, 1976, and 1980—effectively constrained the room for manoeuvre for socialist elites, making them largely subject to demands expressed on the streets. Naturally, the events of 1970 and 1980 are considered critical in this respect. The fact that Solidarność became a foundational myth for post-1989 Poland is one of the principal reasons behind this emphasis on revolts against socialist power. However, post-1989 Polish historiography, which for years remained preoccupied with popular protests and dissident organisations, and evolved around the five aforementioned dates, reinforced this picture.⁵¹ In their joint article, Marcin Zaremba and Błażej Brzostek, criticised the emphasis on Polish national historiography. They argued that this emphasis leads to the division of Polish society into monolithic socialist elites on the one hand, and the rest of society, equated with dissident groups, on the other.⁵² While this kind of critique brought about a long-delayed cultural turn in Polish national

⁴⁸Jakub Szumski, 'Leonid Brezhnev and Edward Gierek. The Making and Breaking of an Uneven Friendship', *The Soviet and post-Soviet Review* 45:3 (2018): 253-86.

⁴⁹These differences emerge very strongly in: Romano and Romero (eds.), *European Socialist Regimes*.

⁵⁰ Suri, *Power and Protest*.

⁵¹E.g. Jerzy Eisler, *'Polskie miesiące' czyli kryzys(y) w PRLu* (Warszawa: Instytut Pamięci Narodowej, 2008); Andrzej Paczkowski, *Strajki, bunt, manifestacje jako „polska droga” przez socjalizm* (Poznań: Poznańskie Towarzystwo Przyjaciół Nauk, 2003); Jakub Karpiński, *Wykres gorączki. Polska pod rządami komunistycznymi* (Lublin: Wydawnictwo Uniwersytetu Marii Curie-Skłodowskiej, 2001); Antoni Dudek and Tomasz Marszałkowski, *Walki uliczne w PRL 1956-1989* (Kraków: Geo, 1999).

⁵²Błażej Brzostek and Marcin Zaremba, 'Polska 1956-1976: w poszukiwaniu paradygmatu', *Pamięć i Sprawiedliwość* 5:2 (2006): 25–8; Dariusz Jarosz put forward a similar critique of the Polish post-1989 historiography: Dariusz Jarosz, 'Post-1989 historiography's distorted image of the relations between authorities and society in Poland during the period from 1944 to 1989', *Revue d'études comparatives Est-Ouest* 2:45 (2014): 215-40.

historiography, it did not result in a revision of research on socialist elites.⁵³

Outside of Poland, Robert English made a significant contribution to the study of socialist elites. The author honed in on Soviet elites and their ideological transformations in order to explain Gorbachev's arrival to power in 1985. In his view, increasing interactions with the West critically influenced this process.⁵⁴ A similar argument could be made for Poland. In fact, since the 1970s, Polish socialist elites went through a profound ideological transformation. This shift allowed them to introduce liberal economic reforms and pioneer a model of negotiated transition to democracy in Eastern Europe in the late 1980s. Later, the post-socialist party played a central role in negotiating and materialising Poland's accession to the North Atlantic Treaty Organisation (NATO) and the European Union (EU). From this perspective, the study of socialist elites emerges as an important task. While in this dissertation, I do not reconstruct this 'intellectual revolution'⁵⁵ as such, the assumption that the ideas of socialist elites mattered, evolved, and clashed with each other is one I share with English.

Stephen Kotkin also made an argument about the importance of socialist elites. Referring to the debate on the fall of socialist regimes, he criticised the over-appreciation of the role of the 'civil society', proposing instead a turn towards 'uncivil society'. However, his focus on the socialist establishment in Poland, the GDR, and Romania led him to the conclusion that its decision to democratise political life emerged from incompetence and, more specifically, the establishment's inability to rule in one's country under the circumstances of social and economic crisis.⁵⁶ In a review of Kotkin's book, Kazimierz Poznański challenged this part of Kotkin's argument, pointing out that democratisation, and the manner in which it took place, was in many ways beneficial for socialist elites in Eastern Europe. Poznański claimed that this policy thus stood as proof of being 'smart', rather than being 'sloppy'.⁵⁷ While this debate took place in relation to the events of 1989, the question of whether to approach these groups as rational and competent or irrational and incompetent also

⁵³Małgorzata Fidelis, 'Pleasures and Perils of Socialist Modernity: New Scholarship on Postwar Eastern Europe', *Contemporary European History* 25:4 (2016): 1–12.

⁵⁴Robert English, *Russia and the Idea of the West. Gorbachev, Intellectuals, and the End of the Cold War* (New York: Columbia University Press, 2000).

⁵⁵Project which traces this ideological evolution entitled 'Communist into Liberals: The Transformation and Demise of the Left as Precursor to the Illiberal Turn in Poland' is currently conducted by Tom Junes at the European University Institute.

⁵⁶Stephen Kotkin with contribution by Jan Gross, *Uncivil Society: 1989 and the Implosion of the Communist Establishment* (New York: Modern Library, 2009).

⁵⁷Kazimierz Poznański, 'Outgoing Party-State: Incompetent or Self-Interested? Comments on Kotkin's Uncivil Society', *East Central Europe* 40:1-2 (2013): 161-6.

resonates for the preceding era in the history of socialist regimes. In the Polish national historiography of the 1970s, the latter assumption usually prevails.

Such a depiction of Gierek's leadership extends to the early 1980s with the first attempts to evaluate its legacy. Studies on the 1970s flourished against the backdrop of the broader margins of freedom of speech in 1981, the period referred to as 'the carnival of Solidarność', as well as the official campaign against Gierek and his allies launched by their successors.⁵⁸ The country's political scientists and economists identified many critical trends and systemic pathologies that caused the domestic crisis. The historiography still relies on these findings, something that I follow in this dissertation. However, these studies were largely produced as a polemic with the official line of defence by 1970s policymakers. They claimed that their strategy failed as a consequence of external factors. As such, the authors of such scholarship remained preoccupied with identifying domestic reasons for economic decline, typically leading them to point out mistaken and incompetent decisions.⁵⁹ This assumption was confirmed by the first studies on Solidarność, which were also produced in the 1980s, following a wave of international enthusiasm for the workers' movement. Timothy Garton Ash, who investigated the origins of this phenomenon, pointed to Gierek's strategy and 'the breathtaking incompetence with which it was executed' as one of the factors distinguishing Poland from other socialist regimes and enabling mass mobilisation.⁶⁰

This debate resurfaced in the early 1990s with the outpouring of policymakers' testimonies from the 1970s. In a long interview with Gierek published as *Przerwana dekada* (Interrupted Decade), the former first secretary also claimed that economic decline had external reasons and suggested that Poland's situation suddenly worsened in the early 1980s because of his dismissal and the revision of his strategy.⁶¹ Paweł Bożyk, Gierek's advisor between 1972 and 1980, also put forward this argument in his testimonies. He claimed that the massive accumulation of foreign debt took place chiefly in the early 1980s, when the new leadership mismanaged the situation. Bożyk continued to praise the 1970s

⁵⁸Jakub Szumski, *Rozliczenie z ekipą Gierka 1980-1984* (Warszawa: Instytut Pamięci Narodowej, 2018).

⁵⁹E.g. Waldemar Kuczyński, *Po wielkim skoku* (1979, repr. Warszawa: Poltex, 2012); Joanna Kotowicz-Jawor, *Presja inwestycyjna w latach siedemdziesiątych* (Warszawa: Państwowe Wydawnictwo Naukowe, 1983); Janusz Górski, *Gospodarka 1981: problemy załamania i rozwoju* (Warszawa: Książka i Wiedza, 1982); For an overview of this debate: Simatupang, *The Polish Economic Crisis*, 149-67.

⁶⁰Timothy Garton Ash, *The Polish Revolution: Solidarity* (1983, reprinted London: Hodder and Stoughton, 1985), 14.

⁶¹Edward Gierek and Janusz Rolicki, *Przerwana dekada* (Warszawa: Fakt, 1990).

policy and argued, ‘Without Gierek, Poland would not be a member of the European Union’.⁶²

However, this defence of 1970s economic policy stood little chance of resonating with post-socialist Poland. In 1989, the foreign net debt amounted to 44 million US dollars and was considered the main obstacle to the country’s development.⁶³ As newspapers enthusiastically announced, Poland repaid the debt only in 2012.⁶⁴ Mainstream economic thought following the fall of the socialist regime univocally advocated for austerity. This ideological environment inevitably confirmed the depiction of the 1970s as a ‘wasted decade’.⁶⁵ Up to the present day, the Polish historians assume the decisions made by Gierek’s leadership were incompetent and determined by a need to secure domestic stability and maintain power.⁶⁶

While in this dissertation I do not take a firm position in the debate on whether Poland’s decline had external factors or leadership to blame, I hope to provide a more balanced picture of 1970s domestic developments by establishing a closer link between it and international transformations proceeding throughout the decade. Recognising that both of the aforementioned views emerged from subjective positions, I reject them as a starting point of this analysis. On the one hand, I do not assume the trajectories of the 1970s in Poland as entirely determined by external factors, stressing the agency of socialist elites instead. On the other hand, I dismiss the assumption that these socialist elites were inherently incompetent and that the fear of domestic upheavals was the only factor informing their actions.

Sources and methodology

Placing socialist elites and their choices at the centre of this dissertation’s analysis requires the conceptualisation of this group. In this study, I define socialist elites as all actors, who participated in

⁶²Paweł Bożyk, *Apokalipsa według Pawła: jak zniszczono nasz kraj* (Wrocław: Wektory, 2015), 43; Paweł Bożyk, ‘Polityka Edwarda Gierka- zadowoleni i przeciwnicy’, in Paweł Bożyk (ed.), *Dekada Gierka: blaski i cienie* (Warszawa: Kto jest kim, 2013), 41.

⁶³ *Economic Survey of Europe in 1991-1992*, 322.

⁶⁴E.g. Witold Gadomski, ‘Splaciliśmy dług Gierka (nowym długiem)’, *Gazeta Wyborcza*, 26 November 2012, <https://wyborcza.biz/biznes/1,147582,12924163,SplacilismydlugGierkanowymdlugiem.html> (accessed: 20 November 2020).

⁶⁵Paweł Sasanka, ‘Polska Gierka- Dekada przerwana czy zmarnowana?’, in Paweł Machcewicz and Krzysztof Persak (eds.), *PRL od grudnia 70 do czerwca 89* (Warszawa: Bellona and Muzeum Historii Polski, 2011), 9-34; Jerzy Eisler, ‘Zmarnowana dekada’, *Rzeczpospolita*, 4-5 August 2001.

⁶⁶E.g. Jarząbek, ‘Polish economic policy’, 298; Jerzy Eisler, *Czterdzieści pięć lat, które wstrząsnęły Polską. Historia polityczna PRL* (Warszawa: Czerwone i Czarne, 2018), 288-351.

the process of policymaking and the debates leading to it. Such an approach differs from the one usually applied in socialist regimes research, which remains focused on the centre of power, namely the Politburo and its first secretary. These institutions, and the PUWP in general, have also attracted a great deal of historians' interest.⁶⁷ By way of contrast, much less attention has been received by other socialist elites, which I introduce in this dissertation. These include representatives of the state apparatus, experts, and industrial elites.⁶⁸

Broadening the understanding of socialist elites and the policymaking process had consequences for the scope of archival research. Apart from the archival collections of two critical institutions—namely the Central Committee of the PUWP (Komitet Centralny Polskiej Zjednoczonej Partii Robotniczej, KC PZPR) and the government (Urząd Rady Ministrów, URM)—in this study, I also rely on sources from other state institutions: the Planning Commission (Komisja Planowania przy Radzie Ministrów, KPRM), the Ministry of Foreign Trade (Ministerstwo Handlu Zagranicznego, MHZ)⁶⁹, the Committee of Science and Technology (Komitet Nauki i Techniki, KNiT), the Ministry of Science, Higher Education, and Technology (Ministerstwo Nauki, Szkolnictwa Wyższego i Techniki, MNSWiT), the Supreme Chamber of Control (Najwyższa Izba Kontroli, NIK), the Ministry of Machine Industry (Ministerstwo Przemysłu Maszynowego, MPM), the Ministry of Finance (Ministerstwo Finansów, MF), the Trade Bank (Bank Handlowy, BH) and the Foreign Trade Enterprise Unitra (Przedsiębiorstwo Handlu Zagranicznego Unitra, PHZ Unitra). All these records are located in the Central Archive of Modern Records (Archiwum Akt Nowych, AAN) in Warsaw. On the contrary, the Archive of the Ministry of Foreign Affairs (Archiwum Ministerstwa Spraw Zagranicznych, AMSZ) is a separate archive. Sources taken from the AMSZ archive covered two ministry departments, which were instrumental for Poland's cooperation with the West: Department IV (Dep. IV) concerned with Western Europe and the Department of Studies and Programming (Departament Studiów i Programowania, DSiP). Similarly, the archives of the Ministry of Interior function independently as the Institute of National Remembrance Archive (Archiwum Instytutu

⁶⁷E.g. Przemysław Gasztold, *Towarzysze z betonu: Dogmatyzm w PZPR 1980-1990* (Warszawa: Instytut Pamięci Narodowej, 2018); Mirosław Szumiło and Marcin Żukowski (eds.), *Elity komunistyczne w Polsce* (Warszawa and Lublin: Instytut Pamięci Narodowej, 2015); Jerzy Eisler, *Siedmiu Wspaniałych. Poczet pierwszych sekretarzy KC PZPR* (Warszawa: Czerwone i Czarne, 2014); Dariusz Stola and Krzysztof Persak (eds.), *PZPR jako machina władzy* (Warszawa: Instytut Pamięci Narodowej, 2012); Konrad Rokicki and Robert Spałek (eds.), *Władza w PRL. Ludzie i mechanizmy* (Warszawa: Instytut Pamięci Narodowej, 2011); Piotr Osęka, 'Miejsce Plenum Komitetu Centralnego PZPR w systemie politycznym PRL w latach siedemdziesiątych', *Studia Polityczne*, 24 (2009): 71-83.

⁶⁸Marcin Zaremba, 'Partia kieruje, a rząd rządzi- gierkowski bon mot czy sens gierkizmu? Przyczynek do dyskusji nad ewolucją systemu władzy w PRL', in Konrad Rokicki, Robert Spałek (eds.), *Władza w PRL. Ludzie i Mechanizmy* (Warszawa: Instytut Pamięci Narodowej, 2011), 247-57; Łukasz Dwilewicz, 'Rola ekspertów w zarządzaniu gospodarką PRL w latach siedemdziesiątych', *Studia Polityczne* 24 (2009), 7-46.

⁶⁹After 1974 the Ministry of Foreign Trade became the Ministry of Foreign Trade and Shipping. In 1981 it came back to being the Ministry of Foreign Trade. I ignore these changes in this study.

Pamięci Narodowej, AIPN). With this last archive, I followed themes and officials important from the point of view of this dissertation, which were scattered among different collections.

In order to reconstruct the views present among socialist elites, sources also encompassed broad research into publications from the 1970s. Such sources are often dismissed from the analysis based on the assumption that censorship effectively limited room for public debate. Such an attitude is largely mistaken. Like Yugoslavia, Poland distinguished itself from other socialist regimes with its more permissive approach to freedom of speech. Moreover, while certain critical political topics were the subject of substantial censorship restrictions, others, including the economic agenda, were discussed publicly on a regular basis. As I show in this study, journals and periodicals in particular, issued by research institutions, offer insights into foreign policy and 1970s economic dilemmas. Such journals and periodicals include *Sprawy Międzynarodowe* (International Affairs) published by the Polish Institute of International Affairs (Polski Instytut Spraw Międzynarodowych, PISM), *Handel Zagraniczny* (Foreign Trade) published by the Polish Foreign Trade Chamber (Polska Izba Handlu Zagranicznego) and associated with the Polish Foreign Trade Research Institute (Instytut Koniunktur i Cen Handlu Zagranicznego), *Gospodarka Planowa* (Planned Economy), the economic journal of the Main School of Planning and Statistics, and finally *Ekonomista* (Economist) produced by the Polish Economic Society (Polskie Towarzystwo Ekonomiczne). *Nowe Drogi* (New Paths), PUWP's theoretical monthly, also participated in some of these debates. Moreover, this last journal serves as a good reflection of the evolution of the PUWP's views over time. In this dissertation, I treat articles either in *Nowe Drogi* or the other abovementioned journals as not only aiming to rationalise the political choices of socialist elites but reflecting their actual debates as such.

By way of contrast, I approach *Trybuna Ludu* (The Peoples' Tribune), a PUWP daily, at bottom as propaganda. This, however, is not the case for some other popular dailies and weeklies, which I do reference in this dissertation. For example, *Życie Gospodarcze* (Economic Life), *Życie Warszawy* (The Life of Warsaw) were much less ideologically charged. *Polityka* (Politics), despite it formally being a PUWP outlet, was the most critical of all press titles appearing in Poland in the 1960s and 1970s. The weekly's broad margins of freedom were secured by its editor in chief, Mieczysław Rakowski, a liberal who was still a well-connected and influential PUWP member.

Apart from publishing Poland's most open-minded weekly, Rakowski made another critical contribution to the study of socialism in Poland. His detailed journals in ten volumes, covering the years 1958-1990, serve as one of the most informative historical sources for the unofficial life of

Polish socialist elites.⁷⁰ Although many important PUWP members wrote political memoirs, none compare to Rakowski's journals in terms of accuracy and precision. In this dissertation, I rely on all these accounts, as they provide opinions and views difficult to extract from archival sources.⁷¹ However, since these testimonies were all published after 1989, and partially served as individual rehabilitation, I approach them with particular caution.

As unofficial views and relations had substantial influence over the policymaking process, I also conducted interviews with some representatives of the 1970s socialist elite in Poland. I talked to Paweł Bożyk (Gierek's advisor, 1972-80), Józef Tejhma (Politburo member, 1968-80; vice prime minister, 1972-9; and minister of culture, 1974-8) Zbigniew Karcz (various positions in the Ministry of Finance), Andrzej Karpiński (deputy chairman of the Planning Commission, 1974-83), and Andrzej Olszówka (deputy head of Poland's Permanent Mission to the UN and other organisations in Geneva, 1975-80). As these conversations were conducted informally—as opposed to as oral histories proper—I rarely refer to them in this thesis. Above all, they served as important indicators for how to navigate the archives and other sources.

While all the Polish sources were necessary for reconstructing a policy of rapprochement with the West, the preceding debates and practices of this policy, examined mostly in the second part of this thesis, demanded enrichment by international sources. For this reason, I conducted supplementary research in archives in France (Centre des Archives diplomatiques de la Courneuve, CADC), Germany (Politisches Archiv des Auswärtigen Amts, PA AA) and the UK (The National Archives,

⁷⁰Mieczysław Rakowski, *Dzienniki Polityczne, 1979-1981* (Warszawa: Iskry, 2004); Mieczysław Rakowski, *Dzienniki polityczne 1976-1978*, (Warszawa: Iskry, 2002); Mieczysław Rakowski, *Dzienniki polityczne 1972-1975* (Warszawa: Iskry, 2002); Mieczysław Rakowski, *Dzienniki polityczne 1969-1971* (Warszawa: Iskry, 2001); Mieczysław Rakowski, *Dzienniki polityczne 1963-1966* (Warszawa: Iskry, 1999); Mieczysław Rakowski, *Dzienniki polityczne 1958-1962* (Warszawa: Iskry, 1998).

⁷¹Witold Bień, *Jak doszło do zadłużenia Polski za granicą w latach 1970-1985. Wspomnienia uczestnika wydarzeń* (Warszawa: Difin, 2017); Bożyk, *Apokalipsa według Pawła*; Józef Czyrek, *Rozmowy z synem (o polskiej lewicy i transformacji)* (Toruń: Wydawnictwo Adam Marszałek, 2012); Eugeniusz Noworyta, *Polityka i dyplomacja-wspomnienia ambasadora* (Łódź: Społeczna Wyższa Szkoła Przedsiębiorczości i Zarządzania, 2008); Jerzy Waszczuk, *Biografia niezłustrowana. Zapamiętywanie czasu nieutraconego* (Warszawa: Studio Emka, 2007); Zbigniew Karcz, *Zadłużenia zagraniczne Polski. Gra o miliardy. Kiedy do Euro?* (Warszawa: Difin, 2006); Józef Tejhma, *Odszedł Gomułka przyszedł Gierek* (Toruń: Wydawnictwo Adam Marszałek, 2006); Stefan Olszowski, Andrzej Mroziński and Bogdan Rupiński, *How Are You Doing Mr Olszowski?* (Warszawa: Ampress, 2005); Walery Namietkiewicz, *Byłem sekretarzem Gomułki* (Warszawa: Comandor, 2002); Kazimierz Barcikowski, *U szczytów władzy* (Warszawa: Wydawnictwo Projekt, 1998); Stanisław Długosz, *Jak zadłużyłem PRL* (Warszawa: Polska Agencja Ekologiczna, 1995); Stanisław Długosz, *Służyłem dziewięciu premierom* (Warszawa: Polska Oficyna Wydawnicza BGW, 1992); Piotr Kostikow and Bohdan Roliński, *Widziane z Kremla. Moskwa-Warszawa. Gra o Polskę* (Warszawa: Polska Oficyna Wydawnicza BGW, 1992); Gierek and Rolicki, *Przerwana dekada*; Piotr Jaroszewicz and Bohdan Roliński, *Przerywam milczenie...* (Warszawa: Fakt, 1991); Stanisław Kania, *Zatrzymać konfrontację* (Warszawa: Polska Oficyna Wydawnicza BGW, 1991); Józef Tejhma, *Kuliszy dymisji. Z dzienników ministra kultury 1974-1977* (Kraków: Oficyna Cracovia, 1991); Zdzisław Rurarz, *Byłem doradcą Gierka* (Chicago and Warszawa: Andy Grafik, 1990); Edward Gierek and Janusz Rolicki, *Replika (wywiad rzeka)* (Warszawa: Polska Oficyna Wydawnicza BGW, 1990); Franciszek Szlachcic, *Gorzki smak władzy: wspomnienia* (Warszawa: Fakt, 1990).

TNA), and in the archives of the EEC (Historical Archives of the European Union, HAEU). Although Italy also occupies an important place in this thesis, records concerning Italian foreign affairs in the 1970s still remain classified. Apart from the various states, I rely on sources produced by some of Western European companies with which Poland cooperated in the 1970s. I conducted research in the Fiat Archives (Archivio Storico Fiat, ASF) and used documents received from the Foundation de l'Automobile Marius Berliet (Archives de la Fondation Berliet, AFB). In the case of other companies examined in this dissertation, the archives were either unpreserved or impossible to access.

Bringing in Western Europe sources serves two goals. On the one hand, such sources reveal how Poland's national strategy resonated abroad. On the other hand, they helped me identify the puzzles behind the stories which I recount in this dissertation. While for the first objective, my research brought about tangible results, it was not always successful for the second. Broadening the level of analysis from the top politicians to the practitioners of East-West exchanges, as I do in Part II of this dissertation, often proved difficult. Various Polish and international sources did not always fill in all the gaps. Consequentially, the examined agreements might come across as disproportionate in terms of description. This disproportion emerges from a lack of corresponding sources.

Structure

This dissertation is divided into two parts. In Part I (chapters 1-4), I look at Poland's national strategy starting from the late Gomułka period to the end of Gierek's leadership of the PUWP in September 1980. In Part II (chapters 5-9), I zoom in on the practice of this strategy in Polish-West relations by considering case studies on licence agreements Poland concluded in the 1970s.

In Chapter 1, I engage with the origins of the new economic and foreign policy agenda implemented when Gierek came to power. By examining the attitude of socialist elites to the chief aspects of this strategy—namely opening towards the West, consumption, and accelerated economic growth in the late 1960s, I argue that the shift in economic and foreign policy had its structural and intellectual origins in this very period. In so doing, I undermine the assumption that the new strategy was determined solely by the domestic events of December 1970 in Poland.

In Chapter 2, I turn to personnel, institutional, and political changes, which took place after Gierek's rise to power. Examining and contextualising the details of decisions made in this period, I reveal that the new strategy was a confident project based on a strong consensus between different groups of socialist elites. I further argue that this bold policymaking was enabled by two widespread assumptions: that the socialist regime was capable of experiencing an economic revival and that

détente would remain a permanent feature of European international relations.

In Chapter 3, I look at three critical developments that transpired in the early 1970s: the economic crisis in the West, Western European integration, and the Helsinki process. I focus in particular on the perspective of their reception in Poland. Although today all three are recognised as factors that led to the weakening of socialist regimes, I show that, at the time, socialist elites interpreted them as the perfect storm to expand economic and political contacts with the West. To that end, the international situation accelerated and cemented Poland's national strategy and allowed its flaws to remain overlooked, if not neglected.

In Chapter 4, the final one of Part I, I look at the second half of the 1970s, when Poland's situation drastically deteriorated on all fronts. I hone in on the domestic political and economic situation, Poland's relationship with the Soviet Union, as well as other socialist regimes and the West. I argue that Poland's national strategy in all these fields aimed at bottom to preserve the status quo and saving gains made in the early 1970s. Furthermore, I show that the scale of the turmoil in 1980 Poland had its origins in this very status quo strategy.

Part II of the dissertation begins with Chapter 5, on the goals of licence policy as defined in the early 1970s. It also serves as an introduction to the case studies considered, while explaining the logic underlying the choice of policymaking to explore the practices of opening towards the West. As I argue, the licence policy illuminates all the principal objectives of the 1970s national strategy, namely the improvement of the quality of life, technological modernisation, expanding foreign trade, and strengthening détente in Europe. I also show that in order to study and assess this particular field of policy, as well as the national strategy in general, all these different objectives and actors representing them need to be considered.

What follows are Chapters 6, 7 and 8, which are case studies on the production of manufactured goods based on technology from Western Europe: cars, buses, and audio equipment. The choice of these three was not accidental. First, they each represent relationships with different Western European states and other actors representing them. While the production of cars was based on cooperation with Fiat and Italy, the bus industry relied on a relationship with Berliet and France. The case of the audio equipment is the most international of the three and involves various companies and countries, though Grundig and the FRG remained the principal source of technology for this industry. Second, the transactions were among the most expensive and ambitious throughout the decade. As such, they did not only represent trends in Poland's economy, but even went so far as to shape them. Third, Fiat cars, Berliet buses, and audio equipment produced on Grundig licences can be viewed as symbols of the 1970s in Poland. By choosing widely known and consumer-oriented goods, I was able

to engage with the consumption policy under Gierek and its symbolic dimension. Finally, although these goods epitomise an opening towards the West in the 1970s, with the notable exception of Fiat, they have not yet attracted the attention of historians.⁷² As a consequence, I reconstruct the histories of the production of buses and audio equipment from scratch. As for cars, I reinterpret and contextualise a story and enrich it by previously neglected international sources.

I follow the three case studies with a summary that takes stock of gains and losses of the licence policy. This allows me to compare its practices and outcomes with the objectives characterised in the Chapter 5 of Part II. I suggest that the licence policy cannot be considered a total failure, as many of its goals were indeed reached. At the same time, I show the degree to which it became a vehicle for Polish-Western entanglement.

In the conclusion, I restate the principal arguments, assess the strategy of opening towards the West and explain its importance for Poland's political and economic future as well as the global transformations of the 1980s and 1990s.

⁷²Mariusz Jastrząb, 'Fiat's small cars for Polish mass motorisation: The Small Engine Car Factory in Bielsko-Biała and Tychy, 1971-1980', *Journal of Transport History* 38:1 (2017): 41-4; Mariusz Jastrząb and Joanna Wawrzyniak, 'On Two Modernities of the Polish Automotive Industry: The Case of Fabryka Samochodów Osobowych and its Staff (1948-2011)', *Acta Poloniae Historica* 115 (2017): 37-69; Hubery Wilk, *Między pragmatyzmem a oczekiwaniami. Społeczeństwo, władza i samochody w Polsce 1945-1970* (Warszawa: Instytut Historyczny Polskiej Akademii Nauk, 2017).

PART I – National strategy of the 1970s

1. Premises for a change, the late 1960s

1.1. Introduction

In explaining the emergence of the Polish national strategy in the 1970s, historians often point to the events of December 1970. On December 13, only 10 days after reaching a historical treaty in which the FRG accepted Poland's western border on the Oder-Neisse, the price of basic food increased by 20 per cent on average. The following day, strikes erupted in the coast region, above all in the shipyards of Gdańsk and Gdynia. The PUWP leadership decided to use the army against the protesters. This response resulted in 41 deaths and over 1,000 injured. Under these circumstances, after 14 years, Władysław Gomułka lost his position as the PUWP first secretary. His replacement, Edward Gierek, is widely regarded as marking the turning point which resulted in a new agenda.⁷³

In this chapter, I reevaluate this interpretation by engaging with the origins of the three main 'faces' of the 1970s in Poland: the opening towards the West, the improvement of quality of life, and intensified growth. I trace these three demands through the years immediately preceding the December crisis to show the role that internal debates played in the emergence of the new agenda. In so doing, I reveal the pre-existing premises for the change, which triumphed only with Gierek's arrival to power. The three sections related to the main features of the 1970s, articulated as demands in the 1960s, follow a section portraying the changes in the political landscape.

1.2. Political life

Historians typically perceive personal replacements at the top of the PUWP as crucial to an understanding of the changes to the regime's strategy. Such reshufflings in Poland's history, however, never held a revolutionary character, which would have enabled the arrival of inexperienced people. Instead, the new leadership usually emerged from groups already well established among socialist elites. In this context, the internal dynamic of PUWP in the late 1960s paved the path for a change in strategy.

⁷³On the December 1970 events see: Jerzy Eisler, *Grudzień 1970. Geneza, przebieg, konsekwencje* (Warszawa: Sensacje XX wieku, 2000). Anthony Kemp-Welch, *Poland under Communism. A Cold War History* (Cambridge: Cambridge University Press, 2008), 180-92.

Władysław Gomułka, who became first secretary in 1956, was a Polish communist who underwent his political formation in the interwar period. In the aftermath of the Second World War, he participated in the consolidation of communist power in Poland. Shortly after, however, he was removed from leadership and imprisoned under allegations of a ‘nationalist deviation’. His rehabilitation and return to political life were evident signs of Polish de-Stalinisation. As a consequence, the takeover of power by Gomułka in 1956 was enthusiastically welcomed not only by some socialist elites, but also by Polish society as a whole.⁷⁴ The following years were defined by the strong authority of the first secretary executed through the PUWP apparatus, which consisted of the older generation of communists. This group, which can generally be characterised as having been shaped in the interwar communist movement, as well as by the experience of the Second World War, was dogmatic and staunchly anti-capitalist.

Over time, however, Gomułka’s authority declined, and new leaders emerged. In the mid-1960s, the most powerful person in the PUWP, after the first secretary, was Mieczysław Moczar, the minister of interior from 1964 to 1968 and later a stand-by member of the Politburo. His strong links with the secret services guaranteed his influence and significant independence from Gomułka. Moczar’s faction, often described as ‘partisans’, defended extreme nationalist views and positioned itself in opposition to the more liberal and cosmopolitan members of the Party. Moreover, officials related to this group stressed their military and conspiratorial past, distancing themselves from those officials – often Polish communists of Jewish origin – who spent the Second World War in Moscow.⁷⁵

The activity of the ‘partisans’ played a critical role in the events of March 1968, when the anti-Zionist narrative of the Socialist Bloc–triggered in 1967 as a result of the Six-Day War between Israel and neighbouring Arab countries–created circumstances for a political reshuffle in Poland. The anti-Semitic campaign, fueled by Moczar and his allies, was employed as a tool to initiate personnel replacements in the Party apparatus.⁷⁶ It is estimated that these events resulted in the removal of

⁷⁴On events of 1956 in Poland see: Paweł Machcewicz, *Rebellious satellite: Poland, 1956*, trans. Maya Latynski (Stanford: Stanford University Press, 2009).

⁷⁵Mikołaj Mirowski, ‘Mieczysław Moczar. Narodowy komunista’, *Plus Minus* supplement to *Rzeczpospolita*, 30 October 2016, <https://www.rp.pl/Plus-Minus/310279946-Mieczyslaw-Moczar-Narodowy-komunista.html> (accessed: 20 October 2020); Krzysztof Lesiakowski, *Mieczysław Moczar ‘Mietek’. Biografia polityczna* (Warszawa: Oficyna Wydawnicza Rytm, 1998).

⁷⁶On 1968 in Poland see: Anthony Kemp-Welch, “‘To Hell with Sovereignty!’ Poland and the Prague Spring”, in Kevin McDermott and Matthew Stibbe (eds.), *Eastern Europe in 1968. Responses to the Prague Spring and Warsaw Pact Invasion* (Basingstoke: Palgrave Macmillan, 2018), 125–45; Jerzy Eisler, ‘March 1968 in Poland’, in Carole Fink, Philipp Gassert and Detlef Junker (eds.), *1968: the World Transformed* (Cambridge: Cambridge University Press, 2013), 237–52; Jerzy Eisler, *Polski rok 1968* (Warszawa: Instytut Pamięci Narodowej, 2006); Konrad Rokicki and

around one-third of the PUWP elites, the majority of whom were from the aforementioned generation of older communists. Most of the people who took over had typically joined the Party only during the 1950s, thus experiencing a profoundly different political formation.⁷⁷ Moreover, the personnel replacements touched many institutions, notably the Ministry of Foreign Affairs, the army, and the universities. It was under these circumstances that a number of world-renowned Polish intellectuals, including Włodzimierz Brus, Leszek Kołakowski, and Zbigniew Bauman, left the country after losing their positions. In total, about 15,000-20,000 Polish citizens emigrated as a consequence of the 1968 events.

Moreover, the anti-Semitic campaign went hand in hand with the student demonstrations taking place at the time. Protests erupted after Kazmierz Dejmek's adaptation of the 19th-century Polish play *Dziady* was banned; it had been accused of anti-Soviet content. The confrontation on the streets between protesters and the police escalated and led to the brutal suppression of the demonstration and the imprisonment of its leaders, including figures such as Jacek Kuroń and Adam Michnik.

Both the anti-Semitic campaign and the suppression of students hampered Gomułka's authority among the socialist elites. During the famous PUWP rally in March 1968, when the first secretary accused intellectuals, students, and Jewish communists of challenging the socialist system, a group in the audience began screaming, 'Gierek, Gierek!'. From then, Gierek also started to appear as a serious Party figure and potential candidate for Gomułka's replacement. Unlike the majority of socialist elites at the time, his political formation took place within the French and Belgian communist parties. Thus, he was not engaged in the Polish interwar communist movement. Moreover, Gierek grew up in a mining family, and he worked as a miner before turning to politics. He became known for his modernisation program, which he executed as first secretary in Silesia in the years 1957-70. In this period, he consolidated his position within the PUWP, becoming a Politburo member and the leader of the so-called 'Silesian' faction, characterised by links with the regional PUWP apparatus

Sławomir Stępień (eds.), *Oblicza Marca 1968* (Warszawa: Instytut Pamięci Narodowej, 2004); Dariusz Stola, *Kampania antysyjonistyczna w Polsce 1967-1968* (Warszawa: Instytut Studiów Politycznych Polskiej Akademii Nauk, 2000); Marcin Kula, Piotr Osęka and Marcin Zaremba (eds.), *Marzec 1968. Trzydzieści lat później* (Warszawa: Państwowe Wydawnictwo Naukowe, 1998); Jerzy Eisler, *Marzec 1968. Geneza, przebieg, konsekwencje* (Warszawa: Państwowe Wydawnictwo Naukowe, 1991).

⁷⁷Mirosław Szumiło, 'Pomarcowa wymiana kadr-elita PZPR w latach 1968-1970', in Jan Olszsek et al. (eds.), *Yesterday. Studia z historii najnowszej. Księga dedykowana prof. Jerzemu Eislerowi w 65. rocznicę urodzin* (Warszawa: Instytut Pamięci Narodowej and Instytut Historii im. Tadeusza Manteuffla Polskiej Akademii Nauk, 2017), 514-28.

and industrial elites.⁷⁸

The decline of Gomułka's authority as a consequence of the March events, as well as the growing significance of different factions, resulted in a further consolidation of power within the closed Party circle. Apart from the first secretary, this included above all Prime Minister Józef Cyrankiewicz, head of Ideological Commission of PUWP, Zenon Kliszko, and Bolesław Jaszczuk, who was the Politburo member responsible for economic policy.⁷⁹ The last of them, despite the lack of economics background, attained particular influence over economic policy. According to the memoirs of Walery Namiotkiewicz, Gomułka's secretary, in the late 1960s Jaszczuk 'possessed' the first secretary.⁸⁰ The despotic governing methods executed at the time were also responsible for increasing opposition of different groups within the PUWP, facilitating the removal of Gomułka in December 1970.⁸¹

During the crackdown of workers' strikes on the coast, Gomułka was hospitalised after his health unexpectedly deteriorated. It was under the circumstances of his absence that the Politburo met on Sunday, December 20 and decided to hand his position as first secretary over to Gierek. The specific course of events, however, remains an open question. Some scholars argue that Gierek did not expect to be offered the position, while others contend that he himself triggered the political crisis or even that his victory had been planned in Moscow.⁸² Despite the background of the change in the first secretary's office, which was not reflected in the minutes of the watershed Politburo reunion in December, the dismissal of Gomułka and rise to power of Gierek might be seen as a reflection not only of political games, but also of political convictions present within the PUWP. Choosing him marked a victory over other ideas popular among socialist elites, most notably those represented by the nationalist 'partisan' faction.⁸³

The late 1960s demonstrated a space for political change. After 14 years in power, Gomułka's authority declined substantially and further suffered as a consequence of 1968. New leaders with

⁷⁸On Gierek see: Eisler, *Siedmiu Wspaniałych*, 253-312; non-scientific biographies: Piotr Gajdziński, *Gierek. Człowiek z węgla* (Poznań: Wydawnictwo Poznańskie, 2014); Janusz Rolicki, *Edward Gierek. Życie i narodziny legendy* (Warszawa: Iskry, 2002).

⁷⁹Łukasz Dwilewicz, 'Polska polityka gospodarcza a rok 1968', in Joanna Hytrek-Hryciuk and Wojciech Trębacz (eds.), *Wokół marca '68 na Dolnym Śląsku. Materiały konferencyjne* (Wrocław: Instytut Pamięci Narodowej, 2008), 53.

⁸⁰Walery Namiotkiewicz, *Byłem sekretarzem Gomułki* (Warszawa: Comandor, 2002), 80.

⁸¹Konrad Rokicki, 'Apodyktyczny szef. Władysław Gomułka i podwładni', in Konrad Rokicki and Robert Spałek (eds.), *Władza w PRL. Ludzie i Mechanizmy* (Warszawa: Instytut Pamięci Narodowej, 2011), 235-46.

⁸²On debates about political change of 1970 see: Gierek and Rolicki, *Przerwana dekada*, 52-8; Eisler, *Grudzień 1970*, 282-93; Mirosław Szumiło, 'Rozmowy Edwarda Gierka z dyplomatami sowieckimi w latach 1963-1965 (dokumenty odnalezione w RGASPI)', *Komunizm: system, ludzie, dokumentacja*, 2 (2013), 315-36; Andrzej Chojnowski, 'Kto odsunął od władzy Władysława Gomułkę? Przyczynek do genezy Grudnia '70', *Dzieje Najnowsze* 46:1 (2014): 189-206.

⁸³AAN, KC PZPR 1354, V/90, 'Protokół nr. 19 z posiedzenia Biura Politycznego KC' (Protocol from Politburo meeting), 19 December 1970.

different approaches appeared and consolidated their positions on this occasion. Moreover, the increasing marginalisation of broader groups of the socialist elites from the centre of policymaking spurred their general support for political change. Yet the internal dynamics of the PUWP were not the only development of the late 1960s that paved the path for revamping Polish national strategy.

1.3. Opening towards the West

Poland's opening towards the West was the key touchstone of the 1970s for the country. Despite the changes it brought about, this opening has thus far received limited attention as an independent phenomenon. Instead, historians usually frame it as a tool that served domestic economic goals. Such interpretations, however, dismiss the profound antagonism between the two poles of the world that the Cold War imposed. In this section, I trace how, from the Polish perspective, this antagonism crumbled, resulting in the removal of ideological obstacles in dealing with the capitalist world. I argue that the opening was fueled by a dissipation of the fear of the West, particularly in the last years of the 1960s.

Despite the fact that the Cold War was a broad and international development, the understanding of the conflict varied between countries. It continued to be determined by national history and geopolitical interests. For Poland, apart from the general antagonism against the homogenously perceived capitalist West, the Cold War was predominantly linked to the German question. The hostile sentiment towards the FRG, emerging from the experience of the Nazi occupation of Poland and the unregulated question of the country's Western border, was broadly shared not only by socialist elites, but by society as a whole. As such, the German problem was the main factor legitimising the PUWP's monopoly of power and the alliance with the Soviet Union, as well as the core of the Cold War division according to the Polish perspective.⁸⁴ The period of de-Stalinisation marked, by the idea of a 'national way to socialism', further emphasised the German problem and rendered it a primary determinant of foreign policy. Seeking the means to increase international legitimacy of its borders, Poland, under Gomułka's leadership substantially increased its contacts with the West.⁸⁵

⁸⁴On Polish attitude towards FRG see: Ruchniewicz, 'Ostpolitik a stosunki polsko-niemieckie', 20-51; Jarząbek, 'Die Haltung der Volksrepublik Polen', 85-130; Stokłosa, *Polen und die deutsche Ostpolitik*.

⁸⁵On Polish foreign policy in 1956 see: Paweł Machcewicz, *Rebelious Satellite*; Skrzypek, *Dyplomatyczne dzieje PRL*, 15-97; Wojciech Materski, Waldemar Michowicz and Wanda Jarząbek (eds.), *Historia dyplomacji polskiej*, vol 6,

At the same time, de-Stalinisation and Gomułka's arrival to power allowed Poland to relax its dependence on the Soviet Union. Relying on a large initial level of domestic support, the new first secretary of the PUWP openly rejected Soviet pressure concerning, for instance, collectivisation, which ultimately failed to reach more than 11 per cent of the land overall.⁸⁶ His insubordinate position, however, often drove him into conflict with the Soviet Union. The USSR, in turn, did not hesitate to threaten Poland economically with the cutting off of resources.⁸⁷ In this context, the idea of expanding relations with capitalist countries emerged as a means of counterbalancing Poland's risky economic reliance on Moscow.

Promising results in foreign trade brought by the first half of the 1960s further encouraged policymakers. As a consequence, foreign trade became an important pillar of the Five Year Plan for 1966-70.⁸⁸ While the CMEA structurally facilitated trade with other socialist countries, it was rather exporting towards the West that could provide Poland with the hard currency necessary to secure independence and purchasing power in Western markets. This situation emerged from the fact that trade within CMEA was based on the transferable rouble, a currency used exclusively for this purpose and thus inconvertible.⁸⁹ Aiming to gain hard currency, Poland increased its export of agricultural products and raw materials to the West. At the same time, Western states became a source of new technology, and even consumer products in some cases. Such goods were always lacking in Poland. In order to facilitate imports and the access of Polish goods to Western markets, Poland joined the General Agreement on Trade and Tariffs (GATT) in 1967, becoming only the second socialist state in the organisation after Czechoslovakia.⁹⁰ Similarly, in the late 1960s, Poland concluded bilateral trade agreements with France and the United Kingdom. In total, between 1966 and 1970, the value of economic exchange with developed capitalist countries rose by 38 per cent.⁹¹

1944/1945-1989 (Warszawa: Polski Instytut Spraw Międzynarodowych, 2010), 444-583; Jacek Tebinka, *Uzależnienie czy suwerenność? Odwilż październikowa w dyplomacji Polskiej Rzeczypospolitej Ludowej 1956-1961* (Warszawa: Neriton and Instytut Historii Polskiej Akademii Nauk, 2010).

⁸⁶Dariusz Jarosz, 'The Collectivization of Agriculture in Poland: Causes of Defeat', in Constantin Iordachi and Arnd Bauerkämper (eds.), *The Collectivisation of Agriculture in Communist Eastern Europe* (Budapest and New York: Central European University Press, 2014), 113.

⁸⁷Andrzej Skrzypek, *Mechanizmy autonomii: stosunki polsko-radzieckie 1956-65* (Pułtusk: Akademia Humanistyczna im. Aleksandra Gieysztor, 2008), 65-312.

⁸⁸Stefan Jędrzychowski, 'Plan 5-letni 1966-1970 (kilka węzłowych problemów)', *Nowe Drogi* 1 (1967) 19-32.

⁸⁹Janusz Kaliński, 'Rubel transferowy', *Kwartalnik Kolegium Ekonomiczno-Społecznego Studia i Prace* 3 (2013), 147-67.

⁹⁰On Poland's accession to GATT: Francine McKenzie, *GATT and Global Order in the Postwar Era* (Cambridge: Cambridge University Press, 2020), 81-92.

⁹¹Calculated based on: *Rocznik Statystyczny 1971* (Warszawa: Główny Urząd Statystyczny, 1971), 415.

When explaining this trade practice to the public, the official PUWP daily *Trybuna Ludu* relied on a narrative of peace:

Poland is ready to develop its economic relations with all countries regardless of their system, based on equality, mutual benefit, and a respect for sovereignty. It is also ready to develop, on a large scale, different forms of technical cooperation based on trade conditions with the companies of the FRG, as well as other Western states. Such an economic exchange can also play a political role and help ease tensions, serving the idea of progress and development, as well as the idea of peaceful coexistence in the contemporary world.⁹²

The embracing of this narrative proves that the PUWP was already attempting to familiarise the public with growing exchanges with capitalist states during the 1960s. It also suggests that the question of foreign trade was directly linked to national security concerns.

Meanwhile, the very same security concerns actually limited economic relations with Western states. As stated by Gomułka in February 1968, during a Foreign Trade Commission meeting, relying on exchanges with capitalist countries implied significant risk, and should be limited rather than expanded. Instead, the first secretary underscored the role of CMEA members as the main recipients of Polish exports and the primary pillar of Polish economic development.⁹³ This balance appeared continuously in economic plans. Furthermore, during the late 1960s, Poland not only intended to continue its economic exchange predominantly with socialist states, but also became a leading advocate of their further economic integration. Paradoxically, Gomułka became an outspoken supporter of the economic unity of the Socialist Bloc after he had already become a symbol of ‘national way to communism’ and one of the main defenders of economic independence.⁹⁴ Unlike some other European socialist regimes, such as Romania, the Polish leadership embraced a policy based on the perception of CMEA as a path towards improving economic performance and overcoming the ongoing closure of Western European markets, which at that time was becoming an increasing concern.⁹⁵ As recalled by Politburo member Józef Tejchma, after six original EEC members concluded the Treaty of Rome in 1957, Gomułka, worried about its consequences for

⁹²‘O co nam chodzi?’, *Trybuna Ludu*, 21 February 1965, 3.

⁹³AAN, KC PZPR 1354, III/51, ‘Stenogram XI Plenarnego Posiedzenia Komitetu Centralnego Polskiej Zjednoczonej Partii Robotniczej’ (Minutes from 11th Plenary Session of PUWP), 27-28 February 1968, 304.

⁹⁴Skrzypek, *Dyplomatyczne dzieje PRL*, 85.

⁹⁵Kansikas, *Socialist Countries Face*, 59-92.

Poland, read the entire document.⁹⁶ PUWP officials, as well as many experts associated with the Party, suggested that the process of integration in the EEC by West European countries required a push towards a mirroring process in the East.⁹⁷

The constraints on Gomułka's leadership when it came to closer engagement with Western countries were especially apparent in the case of foreign loans. Polish indebtedness in the late 1960s hovered below one billion US dollars, less than Romania and Yugoslavia. It was also less than some capitalist states during that period.⁹⁸ Nevertheless, in a meeting devoted to Poland's increasingly difficult economic situation in early 1970, Prime Minister Cyrankiewicz and Jaszczyk blamed previous small loans for the financial instability and called for reducing imports to avoid the 'trap' of indebtedness.⁹⁹ Gomułka was particularly known for a reluctance to increase debt. This became clear during the same meeting, when he exclaimed:

No, no, no. We can take credit for one, two, 3 or 5 million exchange zlotys, we can, it is probably not that hard, but you have to stop thinking of us as an independent country, which can say and write whatever it wants, stop thinking that we are the masters of our house. In this case, we have to walk on the leash of the one who gave us money, we have to walk on the leash of capitalism. This is not for me, not under my leadership, not under my leadership.¹⁰⁰

While those strong views should be were likely linked to Poland's interwar experience of high levels of debt and classic socialist thought which perceived economic accumulation as a necessary condition for political independence, it also marked the manifestation of persistent fear vis-à-vis the West.¹⁰¹

Starting in the late 1960s, however, various groups challenged those convictions determining Poland's economic choices. In a 1968 article for the journal *Ekonomista*, economist Henryk

⁹⁶ Józef Tejchma, *Stary świadek nowej historii* (Warszawa: Aspra, 2015), 269.

⁹⁷ 'Przemówienie tow. Witolda Trąpczyńskiego wprowadzające do dyskusji nad referatem Biura Politycznego', *Nowe Drogi* 4 (1968), 45-53; Józef Słodaczuk, 'Problem naszych stosunków z EWG', *Życie Gospodarcze* 1 (1970), 11.

⁹⁸ *Economic Survey of Europe in 1991-1992*, 322.

⁹⁹ AAN, KC PZPR 1354, XI/186, 'Stenogram narady w KC PZPR z udziałem członków Biura Politycznego i Sekretariatu KC, I Sekretarzy KW i Kierowników wydziałów KC oraz członków Rady Ministrów i Prezydium Komisji Planowania' (Minutes from PUWP and government meeting), 16 April 1970, 4-46, 199-215.

¹⁰⁰ AAN, KC PZPR 1354, XI/186, 'Stenogram narady w KC PZPR', 256.

¹⁰¹ On Gomułka's views on economy: Wojciech Morawski, 'Poglądy gospodarcze Władysława Gomułki', in Elżbieta Kościak and Tomasz Głowiński (eds.), *Gospodarka i społeczeństwo w czasach PRL-u (1944-1989)* (Wrocław: Gajt, 2007), 326-32.

Kierzkowski, engaged with the risks of such foreign trade and suggested the possibility of a 'sudden change of the international situation' as a factor limiting willingness to cooperate on both sides. He nevertheless pointed out that all foreign trade activities carried such dangers and called for increasing economic exchange between countries representing different systems, which in his view was indispensable for the 'economic progress of Europe'.¹⁰² Similarly, Józef Pajestka, professor of economics and deputy chairman of the Planning Commission in 1968, encouraged the extension of exchanges between both parts of the continent. Pajestka predicted that political obstacles would soon fade away as a consequence of the general relaxation of the international situation.¹⁰³ Voices in favour of improving economic relations with the West also came from the Ministry of Foreign Trade and representatives of foreign trade enterprises. Those groups, searching for means to improve their performance, were also in favour of expanding economic links and regularly suggested new ways of broadening cooperation. These often implied closer political contacts.¹⁰⁴ The assessment of views represented by foreign trade groups remains a difficult task, because many of those people were also closely linked to security services, dominated at the time by so-called 'partisans'.¹⁰⁵ Through their professional activities, they nevertheless began to exert pressure on the Polish leadership.

Similarly, the foreign trade apparatus often viewed the CMEA's performance in a negative light. Experiencing it in practice, those people were aware of the difficulties related to the unregulated and often unequal system of exchanges existing within the organisation. The question of CMEA's internal mechanisms was also a topic of public debate in the press, which often pointed out the organisation's flaws such as set prices or an imposed division of labour.¹⁰⁶ This public critique mirrored the attitude of the Polish delegation to the CMEA, which called for reform of the existing system of exchanges.¹⁰⁷ While socialist economic cooperation as such was never openly challenged,

¹⁰²Henryk Kierzkowski, 'Kooperacja przemysłowa Wschód-Zachód', *Ekonomista* 1 (1968), 67-88.

¹⁰³Józef Pajestka, 'Ekonomiczne problemy postępu technicznego', *Nowe Drogi* 6 (1967), 98.

¹⁰⁴AAN, KC PZPR 1354, III/51, 'Stenogram XI Plenarnego Posiedzenia'.

¹⁰⁵Rakowski, *Dzienniki 1969-1971*, 175.

¹⁰⁶Józef Pajestka, 'Co to jest integracja socjalistyczna?', *Życie Gospodarcze* 7 (1970), 1; Wisław Iskra, 'Mechanizmy integracji (artykuł dyskusyjny)', *Życie Gospodarcze* 25 (1970), 10; Dariusz Fikus, 'Szansa integracji', *Polityka* 47 (1968), 9; Dawid Fikus, 'RWPG od współpracy do integracji', *Polityka* 25 (1968) 10; Józef Söldaczuk, 'Handel i współpraca krajów RWPG', *Życie Gospodarcze* 20 (1968), 1 and 10; Zygmunt Knyziak, 'Integracja socjalistyczna. Rola systemu cen handlu zagranicznego i cen wewnętrznych', *Życie Gospodarcze* 22 (1968), 11; Józef Pajestka, 'Kierunki rozwoju współpracy', *Życie Gospodarcze* 23 (1968), 11; Bogusław W. Reutt, 'Integracja socjalistyczna. Formy powiązań', *Życie Gospodarcze* 29 (1968), 10; Bogusław W. Reutt, 'Formy integracji', *Życie Gospodarcze* 45 (1968), 11; Jerzy Drewnowski, 'RWPG: fakty i poglądy. Problem problemów', *Życie Gospodarcze* 12 (1967), 10; Adam Zwass, 'Ekonomiczne instrumenty współpracy Gospodarczej', *Życie Gospodarcze* 17 (1967), 10; Artur Bondar, 'Ceny w handlu między krajami RWPG', *Życie Gospodarcze* 28 (1967) 1 and 7.

¹⁰⁷Stone, *Satellites and Commissars*, 115-47.

the CMEA was often regarded as a tool of Soviet domination, as testimonies from the decade attest.¹⁰⁸ Debates on the future of economic integration among the socialist regimes also often touched upon the economic integration of Western Europe. While the official narrative described the EEC as a political tool that aimed to exclude socialist regimes from the European market, experts also came up with different interpretations.¹⁰⁹ From their point of view, the processes of integration in the East and West could result in undesired isolation of both parts of the continent.¹¹⁰ Additionally, academic publications and articles in the popular press described the organisation as a sign of Western Europe's growing independence, suggesting even that closer integration within the EEC was necessary in order to remove America's influence on the continent.¹¹¹

The question of credits also was increasingly challenged from within the socialist elites. The number of documents about opportunities for loans coming from Western European states and prepared by the Central Committee Economic Department demonstrate this point. Many of those confirm that capitalist states and banks were ready to provide Poland with both investments and financial credits.¹¹² Moreover, this opportunity was supported by policymakers and experts who were active during that period. This concerns especially officials gathered in the Planning Commission. Their insistence was also very likely the reason behind emotional statements against foreign loans of key members of the leadership of the late 1960s.¹¹³ The question of loans, however, was never a topic of open debate. It remained behind the closed doors of the leadership circles.

Reluctance to engage in closer cooperation with capitalist countries was further called into question by the political détente of Cold War international relations. Peaceful signs by Western states were initially discussed as dangerous. Concerned about the security of its Western border, the PUWP leadership considered a territorial status quo to be a condition for détente. For this reason, Polish diplomacy since 1964 promoted the idea of a European security conference.¹¹⁴ The growing bilateral

¹⁰⁸ Rurarz, *Bylem doradcą Gierka*, 136.

¹⁰⁹ E.g. 'Przemówienie końcowe tow. Władysława Gomułki', *Nowe Drogi* 4 (1968), 61.

¹¹⁰ Andrzej Wasilkowski, 'Podzielony kontynent', *Życie Warszawy*, 7 April 1970, 3; Mirosław Dyner, 'Pojedynek US-Europa Zachodnia trwa', *Życie Gospodarcze* 36 (1967), 7; Stanisław Długosz, 'Polityka handlowa EWG wobec krajów socjalistycznych', *Życie Gospodarcze* 7 (1960), 11.

¹¹¹ Józef Rutkowski, *EWG a międzynarodowy ruch kapitału* (Warszawa: Państwowe Wydawnictwo Naukowe, 1969); Zdzisław Rurarz, 'Ekspansja kapitału USA', *Nowe Drogi* 9 (1967), 60-74; Tadeusz Bartoszewicz, 'W kolejce do Brukseli', *Polityka* 41 (1970), 10; Mirosław Dyner, 'Koncerny EWG przeciw Amerykańskiemu wyzwaniu', *Życie Gospodarcze* 16 (1969), 11.

¹¹² AAN, KC PZPR 1354, XI/783, 'Sytuacja na głównych rynkach kredytowych krajów kapitalistycznych i możliwość uzyskania kredytów' (on capitalist markets and available credits), Report by Planning Commission, May 1968.

¹¹³ AAN, KC PZPR 1354, XI/186, 'Stenogram narady w KC PZPR', 236-8.

¹¹⁴ On Poland and CSCE see: Jarząbek, 'Hope and Reality'; Jarząbek, *Polska wobec Konferencji*.

activity between the FRG and socialist states, evidenced by the 1967 re-establishment of diplomatic relations with Romania, was interpreted as a possible path towards the political isolation of Poland. Driven by this anxiety, Poland's leaders not only started calling for increased political unity within the socialist bloc, but also became vocal advocates of the Warsaw Pact suppression of the Prague Spring. During a meeting of Communist Party leaders in Dresden, Gomułka suggested that the outcome of liberalisation in Alexander Dubček's Czechoslovakia might be a peaceful transformation to a capitalist system; as such, military intervention was necessary.¹¹⁵ On the other hand, the events of 1968, which included participation in the suppression of the Prague Spring and the preceding domestic anti-Semitic campaign, did not slow down Western détente efforts. This proved their particular durability.¹¹⁶ They were further evidenced by the result of elections in the FRG, which brought the victory of the SPD, advocating an Ostpolitik based on bringing the two parts of the continent closer.¹¹⁷ Following Brandt's arrival to power, Gomułka's leadership started Polish-FRG talks in 1969; they were aimed predominantly at securing the Oder-Nyssen border. This period witnessed a substantial change in the attitudes of socialist elites towards the West, which is reflected in official PUWP press outlets.

Already in 1967, a 'building bridges' policy featured in the official PUWP monthly *Nowe Drogi*. The author, Roman Werfel, an old-guard communist active in the Stalinist period, described this policy as a new Western European tactic driven by economic goals and limited by the US. He further warned against the appeal of the expected economic rewards.¹¹⁸ This narrative only intensified in the aftermath of the Warsaw Pact intervention in Czechoslovakia, at which point the PUWP monthly devoted many articles to exposing the real 'revisionist' aims behind the West's efforts of détente.¹¹⁹ This period also witnessed a growing interest in the idea of convergence being explored at

¹¹⁵Skrzypek, *Dyplomatyczne dzieje PRL*, 154.

¹¹⁶On reaction of Western European states on Warsaw Pact intervention in Czechoslovakia: Antoine Marès, "Notre objectif fondamental rest la détente" France-Tchécoslovaquie, 1961-1968', in François Fejtö and Janques Rupnik (eds.), *Le Printemps tchécoslovaque 1968* (Brussels: Complexe, 1999), 246-66; Hughes Geraint, 'British Policy towards Eastern Europe and the Impact of the "Prague Spring", 1964-88', *Cold War History* 4:2 (2004): 115-39; Bouillon, *Le prix de la détente?*, 48-57.

¹¹⁷On emergence of Ostpolitik: Hofmann, *The Emergence of Détente*; Gottfried Niedhart, 'The East-West Problem as Seen from Berlin – Willy Brandt's Early Ostpolitik', in Wilfried Loth (ed.), *Europe, Cold War and Coexistence 1953-1965* (London: Frank Cass, 2004), 285-94.

¹¹⁸Roman Werfel, 'Koncepcje polityczne Zbigniew Brzezińskiego', *Nowe Drogi* 2 (1967), 99-111.

¹¹⁹Marian Dobrosielski, 'O problemach bezpieczeństwa europejskiego na tle kryzysu czechosłowackiego', *Nowe Drogi* 10 (1968), 41-6; Marian Naszkowski, 'Na widowni międzynarodowej', *Nowe Drogi* 10 (1968), 114-9; Julian Lider, 'Zawsze przeciw odprężeniu', *Nowe Drogi* 11 (1968), 190-203; Wirginia Grabska, 'Polityka wschodnia NRF (aspekty ekonomiczne)', *Nowe Drogi* 3 (1969), 47-62.

the time in the West. The authors rejected the vision of socialism and capitalism becoming increasingly similar by attempting to challenge it through the engagement of the Western scholars who advocated such a theory.¹²⁰ However, in May 1969, *Nowe Drogi* published an article written by PISM Head Ryszard Frelek praising the idea of peaceful coexistence. The article also pointed to Western European states as increasingly independent from American dominance, recognising positive aspects of their détente policy.¹²¹ Moreover, between 1969 and 1970, *Nowe Drogi* started to develop an ideological framework in favour of increased cooperation with Western Europe. As was usually done when the official line was revised, Lenin was referred to as the communist who supported cooperation with states of a different system. Additionally, various authors increasingly began to recall the experience of cooperation between socialist and capitalist states during the Second World War.¹²²

These changes became even more apparent in the way the FRG was described in a series of articles published in *Nowe Drogi* by editor in chief Marian Naszkowski. Although in late 1968 and early 1969, the author continued to emphasise the links between the US and FRG and expose their ‘imperial’ and ‘Cold-War aims’¹²³, in the summer of 1969 he expressed hopes regarding developments in the FRG for the first time.¹²⁴ During the months immediately preceding elections in the FRG, he started employing a narrative linking all negative aspects of the German politics to the previously governing Christian Democratic Union of Germany (CDU), all the while openly supporting the SPD.¹²⁵ Several months after the takeover of power by Brandt, Naszkowski discussed the end of a master-client relationship between the US and Western Germany; instead, he classified the Chancellor’s agenda as a force of peaceful coexistence.¹²⁶

The change of attitude of official Party outlets should be interpreted not only as propaganda, but also as a real transformation in the way socialist elites of the time thought about the international situation. As Rakowski, editor in- chief of *Polityka*, wrote in his journal about Gomułka: ‘The old

¹²⁰Ignacy Sachs, ‘Współczesny świat, jedność, sprzeczność, współzależność’, *Nowe Drogi* 1 (1967), 118-27; Roman Werfel, ‘Koncepcje polityczne Zbigniew Brzezińskiego’, *Nowe Drogi* 2 (1967), 99-111.

¹²¹Ryszard Frelek, ‘O pokój i bezpieczeństwo w Europie’, *Nowe Drogi* 5 (1969), 175-86.

¹²²Ryszard Frelek, ‘O niektórych problemach wojny, pokoju i pokojowego współistnienia’, *Nowe Drogi* 8 (1969), 33-40; Marian Naszkowski, ‘Walka o pokojowe współistnienie w świetle nauk Lenina’, *Nowe Drogi* 4 (1970), 37-54.

¹²³Marian Naszkowski, ‘Na widowni międzynarodowej’, *Nowe Drogi* 10 (1968), 114-9.

¹²⁴Marian Naszkowski, ‘Na widowni międzynarodowej’, *Nowe Drogi* 8 (1969), 64-73.

¹²⁵Marian Naszkowski, ‘Na widowni międzynarodowej’, *Nowe Drogi* 9 (1969), 117-23; Marian Naszkowski, ‘Na widowni międzynarodowej’, *Nowe Drogi* 10 (1969), 75-84.

¹²⁶Marian Naszkowski, ‘Na widowni międzynarodowej’, *Nowe Drogi* 5 (1970), 91; Marian Naszkowski, ‘Na widowni międzynarodowej’, *Nowe Drogi* 9 (1970), 74.

man deigned to realise what for me and many others has been obvious for few years'.¹²⁷ This obvious shift in approach paved a path towards the signing of the Treaty of Warsaw with FRG on 7 December 1970. Both sides agreed on the inviolability of the post-Second World War borders and committed to the normalisation of bilateral relations through political, economic, cultural, and scientific cooperation. The signing of the Treaty by Cyrankiewicz and Brandt was widely recognised as a historical breakthrough, by both socialist elites and Polish society at large.¹²⁸ In this sense, reaching an agreement with the FRG was expected to improve the popularity of the country's leadership and ease the raising of prices, which was to be done a few days later.¹²⁹ In the long term, however, from the Polish perspective, resolving the German problem damaged the legitimisation of PUWP power and undermined the rationale for the Cold War in Europe.

A discussion of the Ideological Commission of the PUWP on the topic of peaceful coexistence, which was published in *Nowe Drogi* in March 1970, demonstrated growing concerns in this respect. Various authors, alongside politicians like Naszkowski and Rakowski, debated the potential risks and gains of entering a new phase of systemic confrontation. Although the Commission participants pointed out various problems in East-West relations, such as the situation in the 'Third World' and the activities of Radio Free Europe, the dominant conviction about the changing character of confrontation was the heart of the debate. Efforts to conceptualise the rivalry between the two systems in circumstances of peaceful coexistence led to the conclusion that while reinforcing the propaganda and 'ideologisation of everyday life', Polish socialism should above all improve its appeal.¹³⁰ This idea was further developed by other authors who published at the time, such as Frelek, who openly stated:

The victory of one or another system should not be decided by military means. The systems should be competing on the economic, ideological, and political levels. In other words, it is these factors that should decide who will gain the hearts and minds of people around the world, who can secure a better standard of living.¹³¹

In this context, the space of systemic rivalry was expected to move predominantly to the

¹²⁷Rakowski, *Dzienniki 1969-1971*, 104.

¹²⁸On role of Polish-German Treaty see: Odd Arne Westad, 'Beginnings of the end: how the Cold War crumbled', in Silvio Pons and Federico Romero (eds.), *Reinterpreting the End of the Cold War: Issues, Interpretations, Periodizations* (London: Frank Cass, 2005), 68-81.

¹²⁹Eisler, *Grudzień 1970*, 59.

¹³⁰'Z obrad Komisji Ideologicznej KC PZPR', *Nowe Drogi* 3 (1970), 78-134.

¹³¹Ryszard Frelek, 'Współistnienie Wschód-Zachód', *Argumenty* 17 (1969), 12.

economic and social spheres.

The limitations of the rise in exchanges with the West, gradually developing since 1956, were called into question by a renewed understanding of the international situation. The consistent détente efforts of Western states, and most importantly the political rapprochement with the FRG, resulted in a reevaluation of the previous concerns. The views previously advocated before by groups directly linked with foreign trade and alluded to by experts became more prevalent among socialist elites. They also were reflected in official Party outlets. Accordingly, the new leadership of the PUWP following 1970 operated in an entirely new international and ideological environment.

1.4. Improvement in quality of life

In addition to opening towards the West, Gierek's decade was marked by a substantial improvement in quality of life. This phenomenon is usually explained as a response to the popular protests of December 1970. According to this narrative, the new leadership used consumption as a tool to stabilise the situation and build up trust.¹³² This interpretation reflects the general historical pattern of the socialist economy proposed by Zbigniew Landau, whereby periods of political change are followed by improvements in quality of life. In Landau's model, these improvements are then progressively replaced by austerity measures.¹³³ However, as argued by Brian Porter-Szűcs, considering consumption only a political tool, contradictory to the socialism ideas, is a mistake. Instead, the author showed that consumption was a permanent goal of socialist economy.¹³⁴ In the next section, I provide further evidence for this claim. I reveal how discontent with the official policy present among socialist elites in the late 1960s allowed consumption to emerge as a topic and a demand already before the December events.

After the Stalinist period, which was marked by intense industrial efforts aimed at overcoming the damage of the Second World War, the mid-1950s brought about a substantial improvement in quality of life. This period is often framed in the history of socialist regimes as a turn towards consumption. Following this, the regimes only expanded their mass-consumption patterns. As consumption was previously associated predominantly with the perversion of capitalist states, the practices were explained through the newly coined concept of 'rational consumption', which was

¹³² Dwilewicz, 'Polityka gospodarcza, a spokój społeczny'; Jarząbek, 'Polish economic policy'.

¹³³ Zbigniew Landau, 'Etap rozwoju Polski Ludowej', *Przegląd Historyczny* 78:2 (1987): 211-53.

¹³⁴ Brian Porter-Szűcs, 'Conceptualizing Consumption in Polish People's Republic', in Cristofer Scarboro, Diana Mincyté and Zsuzsa Gille (eds.), *The Socialist Good Life: Desire, Development, and Standards of Living in Eastern Europe* (Bloomington: Indiana University Press, 2020), 82-103.

supposed to distinguish the socialist from the Western pattern. Despite the official explanation, the period following 1956 also increasingly demonstrated the differences between quality of life in the two systems.

Although Poland also experienced a consumption shift in 1956, by 1960 it was already lagging behind Western Europe and other socialist regimes such as the GDR, Hungary, and Czechoslovakia. With each passing year, the situation continued to worsen, as Gomułka's leadership marginalised quality of life in the name of big investments and further industrialisation. This agenda was consistently implemented throughout his years as first secretary, something that is evident in the 1971 economic plan, envisaging a 'relatively low' rate of increasing consumption and further reductions in Western imports.¹³⁵ At the same time, the increasing role of foreign trade for the domestic economy strongly suggested the necessity of producing consumer goods. As noted in PUWP discussions, manufactured consumer goods were in high demand, both in the West and within the CMEA. Revising the focus of Polish production was further supported by the proceeding closure of the EEC market, which limited the possibility of exporting agricultural products through the CAP.¹³⁶ As a consequence, the electromechanical and mechanical industries, along with other durable consumption industries, were increasingly privileged. The ability of domestically produced goods to compete in Western markets was also becoming a serious concern. The development of consumer-oriented industries was, however, not intended to be followed by an increase in domestic consumption. The case of the 1967 purchase of the Fiat license from the Italian company illustrates this approach. The car produced in Poland was supposed to serve, above all, as an export good. Its price, which was the equivalent of around 70 average monthly incomes, made it inaccessible for Polish typical consumers.¹³⁷ The economic focus of the mid-1960s reveals that while the leadership recognised the increasing consumption needs of different states, it did not find them relevant for Poland. The reasons behind this approach become manifest in the statements of key policymakers, as well as the official Polish narrative applied in PUWP outlets.

Biographies on Gomułka stress his particular austerity. Indeed, though he had a modest

¹³⁵AAN, KC PZPR 1354, V/90, 'Podstawowe założenia projektu Narodowego Planu Gospodarczego na 1971' (economic plan for 1971), Planning Commission for Politburo, 30 October 1970, 2-4.

¹³⁶'Przemówienie tow. Witolda Trąpczyńskiego wprowadzające do dyskusji nad referatem Biura Politycznego', *Nowe Drogi* 4 (1968), 51-2.

¹³⁷Estimation cited after: Piotr Nehring, 'Fiat 125p ma 50 lat', *Gazeta Wyborcza*, 27 November 2017, <http://wyborcza.pl/alehistoria/7,121681,22684105,fiat-125-p-marzenie-milionow-jak-zaczela-sie-nowa-era-w.html> (accessed: 20 May 2018).

lifestyle, he had very little understanding of the needs emerging in Polish society of the period.¹³⁸ During a PUWP leadership discussion in 1970, he challenged the idea of importing coffee to Poland, implying that the drink was luxurious and dispensable. He further blamed the Planning Commission for this, in his opinion, evident lack of cost-efficiency.¹³⁹ According to testimonies, similar views were expressed by the first secretary regarding washing machines and cars, which he perceived as contradictory to the very idea of socialism.¹⁴⁰ Minutes of PUWP meetings also reveal that Prime Minister Cyrankiewicz and Jaszczyk, the Politburo member responsible for economic policy, advocated for the implementation of increasing austerity measures in the name of further industrialisation.¹⁴¹ The latter, when warned against disregarding the question of consumption during a meeting in Moscow, reportedly retorted: 'Poles need to learn to eat less'.¹⁴² Such a narrative was also widely disseminated among Polish society. Kliszko's speech, published in *Nowe Drogi* in 1967, accused Western consumption of being based on colonial exploitation and a tool employed by Western states to attract socialist societies.¹⁴³ Additionally, it should be noted that the official narrative rarely used the word 'konsumpcja', which was usually employed with regards to the West, replacing it rather with term 'spożycie', which refers specifically to alimentary products. This further shows that the leadership did not perceive the improvement of quality of life as a crucial task, viewing a more sophisticated supply of consumer goods as harmful for both further economic development and the future of the socialist system. This rationale only facilitated the rise of prices for basic alimentary products introduced 13 December 1970.

The policy implemented in the late 1960s, as well as the accompanying narrative, was not just negatively received by Polish society, thus laying the ground for the December upheavals. It was also increasingly challenged by different groups from among the socialist elites. An article published in *Nowe Drogi* in 1969, written by Pajestka, sparked a lively debate which continued for several years. In 'The Structural Problems of Consumption at the Current Stage of Development', he put forward arguments for the pressing need to privilege consumption in economic planning. He argued in favour of using cost-consciousness as a rule in consumption policy, which meant linking export efforts with

¹³⁸On Władysław Gomułka see: Anita Prażmowska, *Władysław Gomułka: A Biography* (London: I.B. Tauris, 2016); Jerzy Eisler, *Siedmiu Wspaniałych*, 167-252.

¹³⁹AAN, KC PZPR 1354, XI/186, 'Stenogram narady w KC PZPR', 236-8.

¹⁴⁰Rakowski, *Dzienniki 1958-1962*, 124; Rakowski, *Dzienniki 1969-1971*, 266.

¹⁴¹AAN, KC PZPR 1354, XI/186, 'Stenogram narady w KC PZPR', 199-215.

¹⁴²Rakowski, *Dzienniki 1969-1971*, 256.

¹⁴³Zenon Kliszko, 'O aktualnych zadaniach w pracy politycznej partii (Referat członka Biura Politycznego, sekretarza KC tow. Zenona Kliszki)', *Nowe Drogi* 6 (1967), 16.

domestic needs and reducing demand for alimentary products by introducing more consumer-oriented durable goods.¹⁴⁴ The latter claim was further specified in his famous article for *Polityka*¹⁴⁵, which drummed up concern among readers about the potential rise of prices for food products, and a polemical article by Jan Główny, who was a PUWP activist, economist, and the head of *Życie Gospodarcze*. Arguing against Pajestka's views, he defended the alimentary-based consumption model, which in his opinion was not yet sufficiently developed.¹⁴⁶ The increasing number of publications on the topic resulted in a debate between various experts organised by *Nowe Drogi* and *Życie Gospodarcze*, which led to further clashes between the two economists. While Pajestka advocated basing the supply of goods on consumer demand, suggesting a need to introduce a limited market mechanism, Główny in turn defended a pattern of supply based exclusively on central planning. The debate additionally touched upon the classic socialist assumption of the inevitable contradiction between investments and consumption, which some participants timidly challenged.¹⁴⁷ The theoretical discussion between PUWP economists and independent experts, as well as journalists – including a total of more than 30 articles on the topic – revealed growing discontent with the economic policy. They pointed to shortages, low quality, and the limited offer of accessible supplies.¹⁴⁸ Moreover, the debate revealed the lack of a clear concept of how socialist consumption should look. Addressing this gap, the economist Kazimierz Ryć argued in favour of basing consumption on the example of highly developed capitalist states, which in his view were best suited for Poland's stage of development at the time.¹⁴⁹ Finally, some authors tried to separate the idea of

¹⁴⁴Józef Pajestka, 'Problemy polityki strukturalnej konsumpcji na obecnym etapie rozwoju', *Nowe Drogi* 10 (1969), 12-29.

¹⁴⁵Józef Pajestka, 'Smalec czy garsonka?', *Polityka* 38 (1969), 5.

¹⁴⁶Jan Główny, 'Intensyfikacja i konsumpcja', *Życie Gospodarcze* 51/52 (1969), 3.

¹⁴⁷'Kierunki kształtowania struktury konsumpcji', *Życie Gospodarcze* 10/11 (1970), 2-4; *Nowe Drogi* 3 (1970), 135-184.

¹⁴⁸Marek Misiak, Ryszard Zabrzewski, 'Struktura konsumpcji (artykuł dyskusyjny)', *Życie Gospodarcze* 45 (1969), 3; Marek Misiak and Ryszard Zabrzewski, 'Konsumpcja a produkcja (artykuł dyskusyjny)', *Życie Gospodarcze* 48 (1969), 3; Adam Koźmiński, 'Socjologiczne problemy planowania konsumpcji', *Ekonomista* 3 (1969), 733-52; Bolesław Przywara, 'Konsumpcja dziś i jutro', *Życie Gospodarcze* 3 (1970), 5; Jan Główny, 'Intensyfikacja i konsumpcja (2)', *Życie Gospodarcze* 5 (1970), 1 and 9; Mieczysław Rakowski, 'Maksymalizacja konsumpcji a system cen', *Życie Gospodarcze* 5 (1970), 1 and 10; Mieczysław Rakowski, 'Maksymalizacja konsumpcji a system cen (2)', *Życie Gospodarcze* 6 (1970), 5; Eugeniusz Faliński, 'Intensyfikacja produkcji, maksymalizacja konsumpcji a system cen', *Życie Gospodarcze* 28 (1970), 9; Wacław Przelaskowski, 'Wariantowanie struktury konsumpcji', *Życie Gospodarcze* 28 (1970), 10; Marian Sikora, 'Za czyje grzechy cierpi konsument?', *Życie Gospodarcze* 37 (1970), 3; Jan Mujżel, 'Przesłanki i dźwignie kształtowania struktury konsumpcji w gospodarce socjalistycznej (Tezy referatu do dyskusji na Zjazd PTE- sekcja IV)', *Życie Gospodarcze* 42 (1970), 5-6; Zygmunt Szeliga, 'Gospodarka dla konsumpcji', *Polityka* 10 (1970), 6.

¹⁴⁹Kazimierz Ryć, 'Wzorzec konsumpcji', *Życie Gospodarcze* 8 (1970), 3.

consumption from its ideological risks. Sociologist Jan Szczepański contended that socialism should not be afraid of embracing a consumption model as its systemic mechanism would not lead to results similar to those observed in capitalist countries.¹⁵⁰

The conflict became even more explicit in the debate surrounding Polish motorisation. The question of providing Polish society with cars was considered as soon as in 1956; it was also discussed in the popular press.¹⁵¹ Put aside in the early 1960s, this issue resurfaced following the purchase of the Fiat license in 1967. Already then, some authors of *Życie Gospodarcze* started envisaging the future of Polish mass motorisation.¹⁵² The problem, however, reemerged on a large scale in the press after the publication of 'The Socio-Cultural Role of Motorisation' by Pajestka in *Polityka* in 1969.¹⁵³ Rakowski recalled in his journal that the author was concerned about the article and thus decided to show it pre-emptively to his superior, Juliusz Kulesza, the chairman of the Planning Commission. The latter eventually approved it.¹⁵⁴ Pajestka questioned the perception of the car as a luxury good and pointed to its potential role for the country's modernisation.¹⁵⁵ His views attracted a great deal of support, which resulted in a spate of articles on the topic.¹⁵⁶ Some authors even openly challenged the leadership's policy and its ideological weaknesses.¹⁵⁷ Indeed, making the domestically produced cars accessible only to the most privileged was contradictory to the egalitarian promise of the socialist regime. However, some authors undertook a polemic with Pajestka, pointing to more pressing needs than initiating mass car production.¹⁵⁸ Apart from experts and journalists, the debate on motorisation included people connected to the automobile industry. Tadeusz Wrzaszczyk, head of the Association of Automobile Industry Polmo¹⁵⁹ and formerly the main engineer at the car factory in Warsaw, expressed explicit support for the production of popular passenger cars in a 1970 press interview.¹⁶⁰

¹⁵⁰Jan Szczepański, 'Nowoczesny człowiek, nowoczesne społeczeństwo a socjalizm', *Trybuna Robotnicza* (1969); Reprinted in Jan Szczepański, *Rozważania o Rzeczypospolitej* (Warszawa: Państwowy Instytut Wydawniczy, 1971), 66-72.

¹⁵¹Jerzy Putrament, 'Rozmyślania kierowcy (Sprawa rozwoju polskiej motoryzacji)', *Życie Warszawy*, 6 October 1956, 3.

¹⁵²Aleksander Marian Rostocki, 'Przyszłość motoryzacji indywidualnej (artykuł dyskusyjny)', *Życie Gospodarcze* 15 (1967), 3.

¹⁵³Jan Pajestka, 'O społeczno-kulturową koncepcję motoryzacji', *Polityka* 2 (1969), 3.

¹⁵⁴Rakowski, *Dzienniki 1969-1971*, 10-1.

¹⁵⁵Jan Pajestka, 'O społeczno-kulturową koncepcję motoryzacji', *Polityka* 2 (1969), 3.

¹⁵⁶E.g. Stefan Bratkowski, 'Samochód dla Europy Wschodniej', *Polityka* 7 (1969), 6; Bolesław Przywara, 'Konsumpcja dziś i jutro', *Życie Gospodarcze* 3 (1970), 5.

¹⁵⁷Adam Hollanek, 'Skrzydła i model konsumpcyjny', *Polityka* 13 (1969), 4.

¹⁵⁸Jerzy Dzieciołowski, 'Motoryzacja (artykuł dyskusyjny)', *Życie Gospodarcze* 15 (1970), 1-2.

¹⁵⁹Zjednoczenie Przemysłu Motoryzacyjnego Polmo.

¹⁶⁰*Życie Warszawy*, 5 April 1970, 7.

He played a key role in negotiating and purchasing the Fiat 125 license, and ensuring its implementation. Wrzaszczyk thus became a leader of the so-called ‘motorisation lobby’. This group also included Gierek, Rakowski recalled in a conversation with the Silesia PUWP leader in 1969, when he stated that motorisation was necessary. According to the author, however, Gierek was not the only Politburo member who supported the idea of mass domestic production of cars; the project attracted a few other highly positioned politicians.¹⁶¹

In the late 1960s, the Party leadership recognised the global economic trends and made initial attempts at readjusting the structure of Polish production. At the same time, however, economic and ideological factors limited the domestic distribution of consumer products. Debates from the late 1960s challenged this policy; by proposing specific solutions to the problem, they made way for an increased focus on consumption in economic policy. A similar phenomenon can be observed with regard to the accelerated economic growth.

1.5. Accelerated economic growth

During the 1970s, Poland’s economic focus on consumption was accompanied by a policy of intensified growth. The agenda of quick modernisation has already received significant attention among political scientists. However, the majority of studies focus on the mid-1970s, attempting to explain why the policy continued in disregard of the first signs of the upcoming crisis. Such accounts flourished especially during the 1980s, a period of omnipresent critique of the economic choices implemented in the preceding decade.¹⁶² Taking a different approach, Adam Leszczyński positioned Polish modernisation efforts during the 20th century, including Gierek’s decade, alongside other ‘forward leaps’ in periphery countries. While convincingly presenting a continuity in Polish economic thinking until the interwar period, the author did not provide specific reasons for the emphasis on accelerated growth during the early 1970s.¹⁶³ The majority of these accounts still present the December crisis as a turning point, creating the need for a new economic strategy. In this section, I take a different approach, showing that the strong push towards faster growth has earlier origins.

From the Second World War and Poland’s embarkment on the communist path, the country’s

¹⁶¹Rakowski, *Dzienniki 1969-1971*, 249.

¹⁶²Włodzimierz Bojarski and Ryszard Bugaj, *Kryzys gospodarki polskiej. Przyczynek do analizy* (Warszawa: Instytut Wydawniczy Związków Zawodowych, 1981); Kuczyński, *Po wielkim skoku*; Paweł Bożyk, *Marzenia i rzeczywistość, czyli anatomia polskiego kryzysu* (Warszawa: Państwowy Instytut Wydawniczy, 1983); Kotowicz-Jawor, *Presja inwestycyjna*; Aleksander Muller (ed.), *U źródeł Polskiego kryzysu: społeczno-ekonomiczne uwarunkowania rozwoju gospodarczego Polski w latach osiemdziesiątych* (Warszawa: Państwowe Wydawnictwo Naukowe, 1985).

¹⁶³Adam Leszczyński, *Skok w nowoczesność. Polityka wzrostu w krajach peryferyjnych 1943-1980* (Warszawa: Krytyka Polityczna, 2013), 285-363.

economy was marked by intense industrialisation. The example of the Soviet Union served as a pattern for economic growth based on investments in heavy and military industries. Starting with the interwar period, the economic development of the USSR was additionally based on the idea of ‘catching up and overtaking’ capitalist states, thus implying constant mobilisation. In the framework of the Cold War, this idea only intensified and was applied to other countries within the Soviet sphere of influence. While post-war economic reconstruction allowed these states to achieve fast growth, a similar process was simultaneously occurring in the West. This only widened a pre-existing gap. Moreover, during the 1960s, Western states increasingly dropped the heavy industry paradigm, moving to more diversified and technologically advanced light industries.¹⁶⁴

Economic policy under Gomułka’s leadership, following the short turn towards consumption after his arrival to power, was marked by further industrialisation. This process, adopting the Soviet pattern, privileged heavy and military industries. Throughout the years, this agenda elevated industrial groups of socialist elites, resulting in their substantial influence on policymaking. The focus on heavy industries was however increasingly questioned, considering that Poland’s economic performance was declining with each successive Five Year Plan. The parallel rise of the role of foreign trade further proved the need for revising the approach. This resulted in a policy of ‘selective development’, as coined by Jaszczuk and Gomułka. The new policy was supposed to be implemented with the 1970-5 plan. According to the planned reform, investments were to be concentrated in several branches of production, which were especially beneficial for export opportunities. This decision, imposed by the Party leadership, was advantageous for the chemical and mechanical industries, while strongly marginalising others. From 1971 onwards, chosen sectors were expected not only to extend their production, but also to experience modernisation based on Western technology. Selective development was also thought to be accompanied by an intensification of economic growth expected at 6 per cent annually.¹⁶⁵ Poland’s focus on certain industries was further seen to be followed by the general industrial specialisation of CMEA members. Numerous publications praised the idea of accelerated economic growth and praised its long-term advantages.¹⁶⁶ Positive voices were raised not only by key politicians, but also by PUWP-associated and more independent experts. They saw

¹⁶⁴Mark Harrison, ‘Communism and Economic Modernization’, in Stephen Smith (ed.), *The Oxford Handbook of the History of Communism* (Oxford: Oxford University Press, 2014), 387-406.

¹⁶⁵AAN, KC PZPR 1354, V/90, ‘Podstawowe problemy rozwoju gospodarczego Polski w latach 1971-1975’ (draft five-years plan), Report by Planning Commission for Politburo, 25 March 1970, 3.

¹⁶⁶Bolesław Jaszczuk, ‘Polityka intensywnego rozwoju’, *Życie Gospodarcze* 22 (1969), 1-2.

growth as a necessity for Poland's progress.¹⁶⁷ Today, many historians consider Gomułka's and Jaszczuk's efforts to have Poland focus on a few branches of productions as a real chance for improving Polish economic efficiency.¹⁶⁸

At the same time, the so-called 'selective development' was poorly received by many heavy-industry groups and PUWP leaders from provinces which were not linked to privileged industries. This included Silesia under Gierek's leadership.¹⁶⁹ This reaction was part of a general post-1956 phenomenon described by Ewa Balcerowicz as the 'planning auction'. The author points to the increasing independence of ministries and industrial associations, which were competing against each other for funds. They executed their plans without paying much heed to the general strategy.¹⁷⁰ In such a setting, previously privileged groups expressed their discontent and pushed for a more equal distribution of funds. These attempts were deemed dangerous; Prime Minister Cyrankiewicz announced increased central discipline during the 11th PUWP Plenum in 1968.¹⁷¹

The substantial reduction in funds for certain industries meant above all the impossibility of technological modernisation, which was especially crucial in that period. The issue of the purchase of foreign technological licenses, inextricably linked to the attitudes towards the West, was strongly advocated by industrial groups and PUWP-connected experts. The Committee of Science and Technology continuously produced reports on the need for Western technology.¹⁷² Professor Jan Kaczmarek, the head of the body appointed in 1969, argued for such a solution; he stressed that the new technology would have a positive influence on Poland's scientific development.¹⁷³ Similarly, a number of articles devoted to licensing policy not only revealed its benefits, but also called for its extension.¹⁷⁴ The strong push for technological modernisation appeared clearly in the case of a

¹⁶⁷E.g. Władysław Dudziński, 'Problemy wyboru i koncentracji', *Życie Gospodarcze* 27 (1968), 1-2; Władysław Dudziński, 'Gospodarka 1971-1975. Strategia unowocześnienia struktury', *Życie Gospodarcze* 45 (1968), 1 and 10; Stanisław Kuziński, 'Planowanie a stosunki towarowo-pieniężne we współpracy gospodarczej krajów socjalistycznych', *Nowe Drogi* 3 (1969), 3-10.

¹⁶⁸Łukasz Dwilewicz, 'Reformy Bolesława Jaszczuka i polityka gospodarcza ekipy gierkowskiej- zwrot i ciągłość', in Krzysztof Rybiński (ed.), *Dekada Gierka. Wnioski dla obecnego okresu modernizacji Polski* (Warszawa: Wyższa Szkoła Ekonomiczno-Informatyczna, 2011), 107.

¹⁶⁹Dwilewicz, 'Reformy Bolesława Jaszczuka', 98.

¹⁷⁰Ewa Balcerowicz, *Przetarg planistyczny: mechanizm i skutki społeczno-gospodarcze* (Warszawa: Państwowe Wydawnictwo Ekonomiczne, 1990).

¹⁷¹AAN, KC PZPR 1354, XI/186, 'Stenogram narady w KC PZPR', 17.

¹⁷²E.g. AAN, KNiT 787, 40/184, 'Notatka dla przewodniczącego Komitetu Nauki i Techniki Wiceprezesa Rady Ministrów Towarzysza E. Szyra' (Memo for Kaczmarek), 31 August 1967.

¹⁷³'Przemówienie wstępne tow. Jana Kaczmarka na przewodniczącego Komitetu Nauki i Techniki', *Nowe Drogi* 12 (1969), 44.

¹⁷⁴Antoni Gutowski, 'Technologia, czyli być albo nie być', *Życie Gospodarcze* 25 (1967), 1, 4; Jerzy Kalisiak, 'Niektóre aspekty polityki licencyjnej w wybranych krajów przemysłowych (USA, NRF, Japonii)', *Gospodarka*

supplement to *Życie Warszawy* established in early 1970, entitled *Życie i Nowoczesność* (Life and Modernity). The weekly was partly responsible for spreading a fascination with Western technological progress and called for catching up in this respect. This trend was also very present in articles featured in *Polityka*, the weekly under Rakowski's leadership. The focus on modern technology was further supported by the idea of moving to the second phase of economic development, whereby the quality and modernity of production was expected to replace its quantity. This was advocated by Professor Kazimierz Secomski, deputy chairman of the Planning Commission between 1957 and 1968. The economist praised the idea of rapid economic growth and suggested its further intensification.¹⁷⁵ This opinion was widely shared in the late 1960s, which is evident in the influx of articles by professional economists arguing that faster economic growth was not only needed, but also possible.¹⁷⁶ The call for intensified development and technical modernisation was often based on Japan's example. The number of articles in the press targeting both mass and specialised audiences mark a fascination with Japan's economic model. Authors particularly pointed to the complex license policy and focus on exports, often suggesting that such a pattern could apply to Poland.¹⁷⁷

Momentum also fueled a strong push for fast modernisation in the late 1960s and early 1970s. The waning Cold War, on the one hand, and the switch towards the second phase of industrialisation on the other, created the circumstances for a new revision of national strategy. Such a narrative was often presented in the writings of Jan Szczepański; in his 1970 article for *Życie i Nowoczesność*, he stated:

Some could ask why do I raise the question of securing the future now? This is obvious. We are witnessing the end of a certain period in the history of Europe and the world [...] We are entering a period of

Planowa 12 (1968), 30-5; Ryszard Farfał, 'Polityka licencyjna', *Życie Gospodarcze* 36 (1969), 10; Irena Dryll, 'W cieniu licencji', *Życie Gospodarcze* 43 (1969), 10; Jerzy Kalisiak, 'O długofalową politykę licencji', *Gospodarka planowa* 11 (1969), 12-5.

¹⁷⁵Kazimierz Secomski, 'Na progu drugiego etapu uprzemysłowienia', *Nowe Drogi* 5 (1967), 89-101.

¹⁷⁶Józef Pajestka, 'Na nowym etapie postępu', *Życie gospodarcze* 22 (1968), 1-2; Kazimierz Secomski, 'O nowoczesne kierunki rozwoju gospodarki polskiej', *Ekonomista* 1 (1969); Wincenty Kawalec, 'Program badań statystycznych a intensyfikacja gospodarki', *Życie Gospodarcze* 43 (1970), 11; Kazimierz Ryć, 'Rozwój intensywny a postęp techniczny', *Nowe Drogi* 8(1970), 3-14.

¹⁷⁷Bohdan Gliński, 'Elementy strategii i rozwoju Japonii', *Ekonomista* 1 (1967); Włodzimierz Wowczuk, 'Polska-Japonia. Konfrontacje gospodarcze 1967', *Życie Gospodarcze* 8 (1967), 7; 'Japoński super ekspres', *Polityka* 3 (1968), 10; Włodzimierz Wowczuk, 'Japonia. Kulisy dynamicznego rozwoju', *Życie Gospodarcze* 14 (1968), 11; Włodzimierz Wowczuk, 'Japonia. Mity i realia', *Życie Gospodarcze* 17 (1969), 11; Jerzy Jacyna, 'Dyplomacja ekonomiczna', *Polityka* 2 (1970), 9; Juliusz Stachy, 'Drogi rozwoju gospodarczego Japonii', *Gospodarka planowa* 2 (1970), 56-60.

talks which will put an end to a period of stable lack of stabilisation, talks which will very likely regulate all European issues.

On the following pages, the author considered these very circumstances as a reason justifying a focus on intense modernisation.¹⁷⁸

As in the case of consumption in the late 1960s, the leadership initiated policies which provided a structural basis for increasing economic growth in the following decade. Moreover, the debates accompanying these economic choices demonstrated not only broad support on the part of experts, but also a prevalent belief that the modernisation efforts should be further accelerated. At the same time, the internal opposition of industrial elites and the regional PUWP apparatus towards the policy in place, particularly that of 'selective development', weakened the position of the leadership starting in the late 1960s. This set a new direction for the renewal of the economic plan.

1.6. Conclusion

The late 1960s provided the structural and ideological premises for a shift in Poland's political and economic approach. The privileged role of foreign trade, the Warsaw Treaty with FRG, the focus on the production of durable consumer goods, and an economy set for intensification, created a practical framework for the country's new leadership. At the same time, the period's developments substantially reshuffled the ideological spectrum. The removal of the Western threat and the resulting privileged role of the economy in the systemic confrontation that ensued, the emergence of consumption as a demand within the socialist economy, and a strong belief in the ability to further intensify and modernise the economy, enabled the rise of a new agenda. In this context, the choices of the early 1970s cannot be reduced to a response to the events of December 1970. Instead, December 1970 should be viewed as having facilitated political change rather than having ignited it.

Among the three examined features shaping 1970s Poland, the opening towards the West was the least openly expressed demand. At the same time, it was also a necessary condition for the other two. The model of consumption and intensified growth, emerging from the late 1960s debates, was largely inspired by the example of developed capitalist countries. As a consequence, it also required Western technology and foreign debt. It was the removal of the Western threat that problematised a traditional understanding of a bipolar world order and emphasised the economic sphere of the

¹⁷⁸Jan Szczepański, 'Losy Polski i cechy Polaków', *Życie i Nowoczesność* suplement to *Życie Warszawy*, 4 July 1970, 3 (1970), 1; Reprinted in Jan Szczepański, *Rozważania o Rzeczypospolitej* (Warszawa: Państwowy Instytut Wydawniczy, 1971), 89-97.

systemic confrontation. In this context, the political developments in Europe of the late 1960s—and Poland's rapprochement with the FRG in particular—should be stressed as external factors crucial for domestic changes.

Moreover, the study allows us to identify the main sources of pressure on Gomułka. These include experts, gathered in state institutions such as the Planning Commission and the Committee of Science and Technology, or alternatively publishing under their own name. Similarly, some press titles and journalists actively paved the way for political and economic change. Under Rakowski's leadership, *Polityka* played a key role in advocating for more exchanges with the West, increased consumption, and further modernisation. The last of these also saw strong support in *Życie i Nowoczesność*. Finally, the foreign trade apparatus, as well as industrial and regional Party leaders, also played an important role in challenging Gomułka's regime. While the first group pushed for facilitating foreign exchange, the latter demanded an equal development program and technological modernisation. The influence of both these groups peaked with Gierek's arrival to power.

2. A new ambitious strategy, 1971-2

2.1. Introduction

In December 1970, within a dozen days, the political situation in Poland turned upside down. The Warsaw Treaty with the FRG was a milestone for post-Second World War reconciliation and Polish security. The price increases introduced a few days later triggered mass workers' demonstrations, which facilitated a change in leadership and brought Gierek to power. These events jointly opened up possibilities for a reorganisation of national political and economic strategies.

According to the Polish national master narrative, however, the room for manoeuvre in the early 1970s was limited. Studies that examine the early 1970s indicate that after the turmoil of 1970, Poland had no choice but to turn towards the West for credit and new technologies. Western historiography, too, tends to describe the socialist states in the 1970s as falling behind economically and therefore forced to expand their ties with capitalist countries. Both views stem from the perspective of a post-Cold War world order dominated by the West, where such a choice appears as evident. Taken together, they lead to the view that almost twenty years before the collapse of the system, the socialist elites were desperate, vulnerable, and convinced that cooperation with capitalist states was the only path to economic and political success.

In this chapter, I challenge the conventional readings of Polish strategy from the early 1970s. Taking a different course, I present this strategy as attesting to the unprecedented confidence of policymakers, fuelled by a faith in the abilities of the socialist regime and the stability of the international situation. I put forward the argument in the following steps. First, I outline the personnel and institutional changes in the key decision-making bodies, showing that the new agenda resulted from a consensus between different groups of socialist elites rather than from the innovative vision of the first secretary executed through authoritative power. Second, I zoom in on the turn in strategy that followed the December 1970s events, and demonstrate its bold character. Finally, I present the drivers of this new policy, including confidence in the efficiency of socialism and the anticipated endurance of détente in Europe.

2.2. Personnel and institutional changes

Studies on socialist states tend to associate political choices with the first secretaries of communist parties. Accordingly, the new direction taken by Poland after the December 1970 is often

linked to Gierek's upbringing in France and Belgium and his experiences as a regional leader in industrialised Silesia. Such an approach misses the complexity of power structures in socialist Poland and disregards the post-crisis reality of the early 1970s. In the following section, I demonstrate the institutional and personal landscape of policymaking in the early 1970s and show that the political program implemented after the December crisis reflected ideas already present among the socialist elites, and examined in detail in the previous chapter, rather any visionary agenda implemented through authoritarian power.

Polish studies have still not reached a conclusive assessment of the new first secretary's role in the policymaking of the 1970s. Unlike in the case of Gomułka, Gierek's personal views on matters of foreign policy and the economy remain unclear. While some argue that he was a puppet of the Soviet Union and sought to solidify ties between Poland and Moscow, others regard him as a courageous reformer operating under conditions of limited possibility.¹⁷⁹ The lack of agreement on the matter itself reflects the fact that the first secretary never expressed his views explicitly and thus indicates that his opinions were not critical to the political choices made in the 1970s. In fact, many testimonies from the decade portray Gierek as open-minded and approachable but not eager to discuss complicated, economy-related state affairs.¹⁸⁰ They also often stress that the new first secretary himself did not bring any particular political program to the table and that the new plan was gradually worked out during his first years in office.¹⁸¹ Under those circumstances, the changing composition of the main decision-making bodies deserves particular attention.

After the political reshuffling of December 1970, Kuroń, political dissident and observer of Polish political life, noted in his diary: 'I have read the list of new Bureau and Secretariat of the Central Committee. Nothing has changed there. I was disappointed'.¹⁸² Indeed, it seems that a careful study of personal replacements in key decision-making bodies reveals that this process did not have a revolutionary character.

As a consequence of the December crisis, five out of 16 Politburo members were removed. This group contained above all the main figures responsible for the brutal suppression of workers' protests, including Gomułka and Jaszczuk. In February of the following year, two additional figures from the previous leadership lost their positions. In December 1971, during the 6th Congress of the PUWP, the first organised under Gierek, another three Politburo members were replaced. In total, in the first

¹⁷⁹ Szumiło, 'Rozmowy Edwarda Gierka'; Rurarz, *Byłem doradcą Gierka*, 84; Bożyk, 'Polityka Edwarda Gierka', 34; Bożyk, *Apokalipsa według Pawła*, 33-70.

¹⁸⁰ E.g. Rurarz, *Byłem doradcą Gierka*, 154; Olszowski, Mroziński and Rupiński, *How Are You Doing*, 42.

¹⁸¹ Bożyk, *Apokalipsa według Pawła*, 34.

¹⁸² Jacek Kuroń, *Wiara i wino: od i do komunizm* (Wrocław: Wydawnictwo Dolnośląskie, 1995), 334.

year of the new leadership, ten out of 16 members were changed. Nevertheless, in 1971, Gierek led a Politburo where over half of the members, including himself, had formed part of the previous cohort.

A similar process can be observed in the government. After Cyrankiewicz resigned as prime minister in December 1970, the office was taken over by Piotr Jaroszewicz, who went on to hold this position for Gierek's entire decade. As a vice prime minister for the previous 18 years and the Polish representative to the CMEA, Jaroszewicz was not new to socialist leadership. In 1971, changes in the government included the replacement of two out of five vice prime ministers, two out of four Presidents of Governmental Commissions, and nine out of 22 ministers. The majority of those replacements, however, took place in late 1971 rather than immediately following the takeover of power by the new prime minister. Again, it seems that crucial decisions in the first year of the new leadership were actually taken under conditions of limited personal change.

Moreover, as in the case of Gierek and Jaroszewicz, the majority of people elevated to the Politburo and government were already highly positioned in those structures. The only exception was the newly nominated minister of machine industry, Wrzaszczyk, formerly chief engineer in the car factory in Warsaw and head of the Association of Automobile Industry Polmo.

The new people who were brought into the leadership, although decisively in favour of Gierek over Gomułka, had not necessarily been previously aligned with Gierek. Many of the promoted PUWP and government members were previously closer to Moczar and his 'partisan faction'. That was the case for Franciszek Szlachcic, a Politburo member who was highly influential in the secret services circles and who in the early years of the decade became one of the closest Gierek's collaborators, and Stefan Olszowski¹⁸³, who in late 1971 became minister of foreign affairs. Describing the events of the early Gierek period in his diary, Stefan Kisielewski, a Polish intellectual, stressed that he expected a rapid takeover of power by the 'partisans' faction, because, in his view, the new first secretary was not strong enough within the Party.¹⁸⁴

Polish historians often portray the new leadership as dominated by officials from Silesia who were promoted by Gierek in his first years in power. In reality, among people who entered the Politburo in 1971, only two, Jan Szydlak and Zdzisław Grudzień, had links with the region and might be considered close to the first secretary. Similarly, among nine new ministers, two, Jan Mitreğa, minister of mining and energy, and Włodzimierz Lejczak, minister of heavy industry, had ties with Silesia. Against popular perception, 1971 did not see a massive influx of Gierek's allies, and his

¹⁸³ Stefan Olszowski was a minister of foreign affairs 1971-6. At the same time the ministers of foreign trade were: Kazimierz Olszewski 1971-2, Tadeusz Olechowski 1972-4, again Kazimierz Olszewski in 1974, and Jerzy Olszewski 1974-80. Throughout the thesis, I refer to them by first and second name to avoid the confusion.

¹⁸⁴ Stefan Kisielewski, *Dzienniki* (Warszawa: Iskry, 1996), 518 and 562.

domination within policymaking structures was not absolute.

In the first years of the 1970s, Gierek diffused power among the socialist elites instead of centralising it. One of the main conclusions following the December events was that the previous governing style was inefficient. During the 8th Plenum organised in February 1971, Central Committee members firmly criticised the former first secretary's authoritarian methods.¹⁸⁵ The change in this respect appears clearly in minutes from PUWP leadership meetings from Gomułka's and Gierek's respective tenures. While the former incessantly interrupted others and asked many questions, the latter hardly participated in discussions, only briefly summarising them at the end. Not only the PUWP leadership, then, but also wider groups of socialist elites, including experts and representatives of industries, were increasingly involved in the policymaking process.

Already in January 1971, the Politburo issued a document regarding the need for increased parliament activity.¹⁸⁶ Later, the phrase 'Party directs, and government rules' became the slogan of the new leadership.¹⁸⁷ This new approach to power division laid the ground for the rise of the government's influence, especially over economic matters, eventually completely marginalising the PUWP apparatus in this respect. Given the significant overlap between the Politburo and government members, at first glance, this change might not appear as instrumental. Indeed, throughout the decade, over a half the Politburo members also held ministerial positions. The leading role of the government, however, also allowed an increasing influence of those who had never pursued a career in the PUWP structures. That was the case of the already-mentioned Wrzaszczyk, and Tadeusz Olechowski, minister of foreign trade between 1972 and 1974, who before taking position, for years worked abroad in the foreign trade agencies and in diplomatic service. Neither of them was ever influential in PUWP decision-making bodies.

Moreover, the growing independence of ministries followed an increase in the significance of the government. Already in the first years of the 1970s, many ministries officially widened their competences and therefore deepened their autonomy from the centre. This is particularly true of industrial ministries, which supervised industrial associations. Beginning in 1971, most foreign trade agencies, which were previously supervised by the Ministry of Foreign Trade, became subject to

¹⁸⁵AAN, KC PZPR 1354, XIA/352, 'Stenogram z obrad VIII plenum KC PZPR' (minutes from 8th Plenum of PUWP), 6-7 February 1971.

¹⁸⁶AAN, KC PZPR 1354, V/91, 'Wnioski w sprawie aktywizacji funkcji Sejmu' (calls for increase in parliament activity), 25 January 1971.

¹⁸⁷ Marcin Zaremba, 'Partia kieruje, a rząd rządzi'.

associations representing a given industry. As a consequence, foreign trade transactions could take place largely without central control. The initial decisions paved the way to comprehensive reform in 1973, when Huge Economic Units (Wielkie Obszary Gospodarcze, WOG) were introduced. These new entities held unprecedentedly wide prerogatives. Not only were they exempted from the obligation to follow the central plan closely, but also could decide upon workers' salaries and in some cases upon prices of produced goods.¹⁸⁸ This increasing role of industrial ministries in the early years of the decade originated a phenomenon known as 'Polska resortowa', literally, 'Poland ruled by the ministries' or 'Poland divided between the ministries'. Polish literature on the 1970s often employs this term to portray the lack of cooperation between different state entities and their rising independence from the centre.¹⁸⁹

Another rapidly implemented novel idea of the new cohort was the professionalisation of decision-making bodies and the increased involvement of experts. In the late 1960s, academics such as Pajestka and Secomski were engaged in activities of the Planning Commission. They both remained in the body for the following decade. In the early 1970s, the Commission was led by Mieczysław Jagielski, an economist with a PhD. He was not an isolated example among the highly positioned politicians in Gierek's decade. Stefan Jędrychowski, minister of foreign affairs and, from 1972 to 1974, minister of finance, had earned a PhD in law already in inter-war Poland. His successor in the Ministry of Finance, Henryk Kisiel, was a professional economist with 25 years of experience at the National Bank. Immediately before taking-over Jędrychowski's position he served as a chairman of the Trade Bank and undersecretary of state in the Ministry of Finance. Also, Jan Kaczmarek, a professor from the Polytechnic in Cracow, held since the 1960s his position on the Committee of Science and Technology, which became the Ministry of the Higher Education and Technology in 1972. On the other hand, two vice prime ministers appointed in 1971, Franciszek Kaim and Jan Mitreęga, were both engineers. The same involved all the newly appointed ministers responsible for the industries, including Lejczak in the case of the Ministry of Heavy Industry, and Wrzaszczyk in the case of the Ministry of Machine Industry. Gradually, the pattern of recruitment for the highest political bodies also started considering education and experience, not only loyalty.

¹⁸⁸Jarząbek, 'Polish economic policy', 298-9; Dwilewicz, 'Rola ekspertów', 24-5; Michał Budziński, 'Utworzenie Wielkich Organizacji Gospodarczych- założenia reformy przemysłu PRL lat 70', *Kwartalnik Kolegium Ekonomiczno-Społecznego Studia i Prace/ Szkoła Główna Handlowa* 3 (2018): 163-77; Slay, *The Polish Economy*, 36-42.

¹⁸⁹Bożyk, *Marzenia i rzeczywistość*, 56; Józef Pajestka, *Polski kryzys lat 1980-1981. Jak do niego doszło i co rokuje?* (Warszawa: Książka i Wiedza, 1981), 89.

Mieczysław Rakowski openly framed those changes as a demand in his widely read article from 1971: 'Professional but not a party-member'.¹⁹⁰

In addition to the inflow of better-prepared people into the central state bodies, new institutions were established. Already in February 1971, the Politburo created the Commission for the Modernisation of the Economy and State Functioning.¹⁹¹ From the name of its chairman, Szydlak, close ally of Gierek, it was referred to as 'Szydlak's Commission'.¹⁹² Over 200 politicians, experts, and professionals gathered in ten different sections of the body to provide the Party and government with proposals for systemic reforms. Although the importance of the Commission declined in 1973 and, apart from the WOG reform, its recommendations were not implemented, in the first years of the decade its reports nourished the activities of the Politburo and government. Moreover, its representatives often participated in the meetings of those bodies.

Finally, in 1971, for the first time in Polish communist history, the first secretary named a personal advisor. Zdzisław Rurarz, who remained in office for only one and a half years, was a graduate of the Main School of Planning and Statistics and a former employee of the Ministry of Foreign Trade. Rurarz came to the position with impressive international experience: he worked as a Polish representative to the headquarters of the GATT in Geneva. As he recalls in his memoirs, just before he accepted the position of personal advisor, he was offered a job at the United Nations Conference on Trade and Development (UNCTAD) – a position he took after resigning from the first secretary's Office in late 1972.¹⁹³ Paweł Bożyk, a young professor of economics at the Main School of Planning and Statistics, also specialising in foreign trade, replaced Rurarz and held the position for the next eight years. The fact that both personal advisors of the first secretary in the 1970s were experts on international economic relations already signals the focus of Polish economic policy.

Although the question of the influence of experts over policymaking is debated, and some claim that many of the decisions in which the experts were involved had a purely formal character, there is no doubt that an increasing number of professionals gained access to the centre of power at this time.¹⁹⁴ Reports by expert-bodies or personal advisors regularly landed on the desk of the first

¹⁹⁰Mieczysław Rakowski, 'Dobry fachowiec, ale bezpartyjny', *Polityka* 27 (1971), 1 and 10.

¹⁹¹Komisja Partyjno-Rządowa dla Unowocześnienia Systemu Funkcjonowania Gospodarki i Państwa.

¹⁹²AAN, KC PZPR 1354, V/91, 'Uchwała Biura Politycznego PZPR i Prezydium Rządu w sprawie powołania Komisji partyjno-rządowej dla opracowania kierunków modernizacji systemu kierowania i funkcjonowania gospodarki' (Decision of Politburo and government), 3 February 1971.

¹⁹³Rurarz, *Byłem doradcą Gierka*, 40.

¹⁹⁴Dwilewicz, 'Rola ekspertów'; Similarly, Zaremba undermines the importance of government when compared with the PUWP: Zaremba, 'Partia kieruje, a rząd rządzi', 257.

secretary and were discussed by the Politburo and the government. Even if these recommendations were not fully implemented, they played a vital role in the continuous flow of new ideas into policymaking.

The composition of the Politburo and the government, as well as the influence of experts, distinguished Poland from other socialist regimes in the 1970s. While in countries such as Hungary, Bulgaria, and the Soviet Union, the leadership was dominated by old-guard communists, the Polish leadership was the youngest in all of Europe.¹⁹⁵ Similarly, its governing methods, especially in the early years of the decade, stood out as particularly decentralised.¹⁹⁶

In light of the above, the origin of the new agenda introduced after the crisis of December 1970 cannot be reduced to the figure of the first secretary. Not only did Gierek lack a clear political vision, but also his leadership was not strong enough to impose it upon others. The post-crisis political situation combined with the decentralisation of power initiated already in the first years of the decade created the conditions for influence from different groups of socialist elites. In this context, the new political program should be viewed rather as a balancing act between various demands and ideas inherited from the previous decade.

2.3. A new agenda

In the first year of the 1970s, the new leadership operated under conditions of instability. As discussed previously, the personal and institutional changes took place gradually and the position of the new leadership was a precarious one. Moreover, the assumption of power by Gierek itself did not put an end to demonstrations. The new first secretary responded to the upheavals in an unprecedented manner for socialist regimes. Together with Prime Minister Jaroszewicz, he went to the Shipyard in Szczecin and engaged in direct talks with the representatives of the striking committee.¹⁹⁷ While this spectacular gesture, followed by concessions from the leadership, put an end to the unrest in the Baltic region, new strikes erupted in Łódź. Textile workers demanded an improvement in working conditions and wage increases. In this case, Jaroszewicz's visit in February did not yield results, and

¹⁹⁵ Eisler, *Grudzień 1970*, 368-9.

¹⁹⁶ For differences between socialist elites and their governing methods see: Romano and Romero (eds.), *European Socialist Regimes*.

¹⁹⁷ On Gierek and strikes in Baltic region see: Michał Paziewski, *Debata robotników z Gierkiem. Szczecin 1971* (Warszawa: Więź, 2010); Eisler, *Grudzień 1970*, 338-72.

the unrest continued for the next month.¹⁹⁸ These events especially fuel the perception of choices from the early 1970s as made from a desperate position. In the following section, I demonstrate quite the opposite, namely, the bold character of the new agenda.

The new economic approach was communicated to the public by Gierek already on the 19 December when, during a TV appearance, he promised to improve quality of life for Poles. The following day, the Politburo decided to increase salaries and social benefits.¹⁹⁹ Those immediate actions in January were followed by a two-year price-freeze, at the same level as before the 1970 price rise.²⁰⁰ A further development of this agenda was confirmed during the 8th Plenum of the PUWP on the 6 February, when improvement of quality of life was announced as chief among the new objectives. From then and for the next year, works on the revision of the old Five Year Plan continued. Although already in April the Politburo agreed upon the main objectives of the future document²⁰¹ the 6th Congress of the PUWP only accepted it in December 1971. Doubling the figures proposed by the same document prepared before December 1970, it envisaged a rise of salaries by 18 per cent before 1975 and a 39.5 per cent growth in consumption²⁰².

Conventional assessments deem these decisions a response to the crisis and a means of securing social stability.²⁰³ While this logic did drive the immediate reactions, above all the cancellation of the price increases, it fails to explain the very model of consumption proposed by the new leadership in the first years of the 1970s. Rather than efficiently improving the accessibility of basic alimentary products, which protesters demanded in December 1970, policymakers focused on enriching the supply of more sophisticated consumer goods, including electronics and machinery. From early 1971, the leadership started to explore possibilities of purchasing the licence to produce a widely accessible personal car, which was materialised by a deal with Italian Fiat signed later that year. This decision was followed by purchases of licences for many other consumer products, including tape recorders and colour TV sets. As stated by a report on supply of consumer goods 1971-5 prepared by the

¹⁹⁸On strikes in Łódź in 1971 see: Krzysztof Lesiakowski, 'Strajk robotników łódzkich w lutym 1971 roku', *Pamięć i Sprawiedliwość* 1:1 (2002): 133-42.

¹⁹⁹AAN, KC PZPR 1354, V/90, 'Protokół nr 22 z posiedzenia Biura Politycznego KC' (Protocol from Politburo meeting), 22 December 1970, 2.

²⁰⁰Eisler, *Grudzień 1970*, 361.

²⁰¹AAN, KC PZPR 1354, V/92, 'W sprawie kluczowych założeń rozwoju gospodarki narodowej w latach 1971-1975' (principal tasks for national economy 1971-1975), Report by Economic Department of the PUWP Central Committee and Planning Commission for Politburo, 16 April 1971.

²⁰²AAN, KC PZPR 1354, V/100, 'Główne proporcje, zadania i problemy projektu planu 5-letniego na lata 1971-1975. Plan Podstawowy' (main tasks of five-year plan), Planning Commission for Politburo, 15 February 1972, 4.

²⁰³E.g. Łukasz Dwilewicz, 'Polityka gospodarcza, a spokój społeczny'.

Planning Commission in October 1971: 'The increase in production of modern electromechanics has a critical role in the transformation of the consumption model. [...] their supply should increase by 82 per cent when compared with 1970'.²⁰⁴ Given that at that time the country was still emerging from economic and social turmoil, the decisions to initiate demanding production and increase imports of machinery appear as bold rather than necessary.

On the other hand, the proposed model directly responded to the demands raised in the late 1960s, above all during the 'consumption debate', examined in the previous chapter. The ideas of combining production with domestic distribution, to move to a more sophisticated type of consumption, and even specifically to produce a personal car, had all been previously suggested. Moreover, the individuals advocating those changes were directly involved in research on the change in economic strategy. Pajestka, whose articles triggered the 'consumption debate', was influential in shaping economic direction in the early 1970s. Similarly, Szczepański, who participated in the debates concerning the shift in economic strategy in the 1960s, in the early 1970s was said to have regularly met with Gierek, and influenced his political stance.²⁰⁵ Finally, the nomination of Wrzaszczyk for the position of minister of machine industry foreshadowed Poland's motorisation.

A massive expansion of housing was another aspect of consumption policy proposed by the new leadership. Around that period, the post-war baby boomers had reached adulthood, and the supply of apartments did not match the rising demand.²⁰⁶ The new Five Year Plan promised to provide over one million new apartments, 16 per cent more than between 1966 and 1970. Moreover, these new apartments were supposed to be of a higher quality than the previously constructed ones. When compared to the previous five years, the overall living space was envisaged to be 25.7 per cent larger.²⁰⁷

The new model of the consumption, however, exceeded the improvement of the accessibility of goods and housing. The renewed Five Year Plan proposed a 17 per cent rise in the expenditures

²⁰⁴AAN, URM 290, 5.4/27, 'Założenia w sprawie dostaw przemysłowych artykułów rynkowych na lata 1971-1975' (Report on supply of manufactured consumer products), Planning Commission for government, October 1971, 4.

²⁰⁵ Waszczuk, *Biografia niezlustrowana*, 33.

²⁰⁶On housing in the socialist Poland: Dariusz Jarosz, *Mieszkanie się należy... Studium z peerelowskich praktyk społecznych* (Warszawa: Aspra, 2010); Andrew Dawson, 'Housing Policy in Poland', in John Sillince (ed.), *Housing Policies in Eastern Europe and the Soviet Union* (London and New York: Routledge, 1990), 58-81; Edward Kozłowski, 'The housing system in Poland: changes and direction', Bengt Turner, Józef Hegedüs and Iván Tosics (eds.), *The Reform of Housing in Eastern Europe and the Soviet Union* (London and New York: Routledge, 1992), 147-64.

²⁰⁷AAN, KC PZPR 1354, V/100, 'Główne proporcje', 10-1.

on tourism, leisure, and sport.²⁰⁸ Furthermore, already in 1972, the leadership introduced the first free Saturdays, whose annual number rose systematically throughout the whole decade.²⁰⁹ The new model of life, based on leisure, free time, and the widespread accessibility of consumer products, differed profoundly from the 1960s model. As Rurarz recalls, taking into consideration this novelty, he suggested to Gierek to frame his program as a new official socialist doctrine of ‘mass consumption’. The first secretary, however, objected to this proposal for ideological reasons.²¹⁰ Although since the 24th Congress of the CPSU the Soviet leadership had also aimed to improve quality of life, it still regarded consumption as dangerous for socialism. According to Rurarz, an article he wrote for *Nowe Drogi* in which he praised the new consumption model caused significant controversy among Soviet officials, who became sceptical about his advisory role to the first secretary.²¹¹ In the article, he stated, among other things, that ‘Cars and comfortable apartments will become accessible for everyone [...] To the mass tourism of those [Western] societies we will reply with our mass tourism’.²¹² In this context, the new agenda based on consumption was not only economically adventurous but also departed boldly from the ideological framework defined by the Soviet Union.

The unusual engagement of experts in working out the new Five Year Plan, however, provided the leadership with a scientific basis for the shift in approach. Their publications had particular importance, given that the traditional socialist economic doctrine claimed that economic growth would result from increases of expenditures on means of production exceeding expenditures on consumption. According to the new policy, however, improvement of quality of life was supposed to determine all other economic choices and indicate a new path of economic growth for Poland. The ‘consumption debate’, which continued from the late 1960s in *Nowe Drogi* and *Życie Gospodarcze*, provided a space for academics to put forward the logic behind the shift. Numerous publications from that period argued that the well-being of society would result in more efficient production and therefore secure the traditionally assumed growth of the country. Those articles often indirectly referred to works of Michał Kalecki, a leading theoretician of the socialist economy in the 1950s and 1960s, challenging his view that intensified expenditures in means of production could not go hand

²⁰⁸AAN, KC PZPR 1354, V/100, ‘Główne proporcje’, 14.

²⁰⁹‘203 Dekret’ (Council of State decision), 20 July 1972, <http://prawo.sejm.gov.pl/isap.nsf/download.xsp/WDU19720290203/O/D19720203.pdf> (accessed: February 2020).

²¹⁰Rurarz, *Byłem doradcą Gierka*, 157.

²¹¹Rurarz, *Byłem doradcą Gierka*, 157.

²¹²Zdzisław Rurarz, ‘Przesłanki przyspieszonego rozwoju kraju’, *Nowe Drogi* 10 (1972), 137.

in hand with increased investments in means of consumption.²¹³ Precisely a combination of the two was the key idea behind the new Five Year Plan.

The document assumed 9 per cent annual economic growth.²¹⁴ The new investments were supposed to not only secure modernisation but also serve as a remedy for unemployment, which became an increasing threat because of the baby boomers, who entered the job market around this time. The new plan also dismissed Gomułka's and Jaszczuk's proposal of 'selective development', introducing balanced growth for all sectors. Alongside the advancement of industries producing consumer goods, as was the case in car production, the leadership initiated new investments in heavy industry. The most notable of these were the Katowice Steelworks and the Gdańsk Refinery, both launched already in 1971. Substantial expenditure in infrastructure, for example on a new railway station in Warsaw, followed. Moreover, the government encouraged both new and more traditional industries to look for modern technology abroad.²¹⁵ The Five Year Plan from 1971 identified the import of Western technology as a principal pillar of the new program. It also recommended using licences for establishing more cooperation agreements with Western companies. The document claimed that the lack of ties with foreign industries had limited Poland's production capability and, in the case of machine industry, it recommended to double expenditures on these kinds of agreements.²¹⁶ The impetus of the modernisation program from the early 1970s evoked analogies with the demanding and ambitious Six Year Plan implemented after the Second World War.²¹⁷

At the same time, a strong focus on industrial production was an ideological requirement of the socialist economy, continuously implemented in all economic programs. Moreover, the new leadership inherited from the previous leaders a demand for accelerated economic growth. Academics such as Pajestka and Secomski glorified this approach already prior to December 1970 and continued to do so after the change in leadership.²¹⁸ Moreover, in a report on the new economic plan for the first

²¹³E.g. Kazimierz Ryć, 'Produkcja a konsumpcja', *Nowe Drogi* 3 (1971), 123-34; Ryszard Pluta, 'Polityka zatrudnienia a wzrost konsumpcji', *Nowe Drogi* 6 (1971), 15-24; Marek Misiak, 'Aktywna polityka rozwoju konsumpcji', *Nowe Drogi* 6 (1971), 25-33; Jan Chyliński, 'Kierunki rozwoju środków produkcji a wzrost spożycia społecznego', *Nowe Drogi* 3 (1972), 58-68; Andrzej Krawczewski, 'Błędy teorii, korekta praktyki', *Życie gospodarcze* 49 (1972), 3; Kazimierz Ryć, 'Konsumpcja-czynnikiem rozwoju', *Nowe Drogi* 8 (1972), 98-108.

²¹⁴Calculated based on: AAN, KC PZPR 1354, V/100, 'Główne proporcje', 2-3.

²¹⁵AAN, KC PZPR 1354, V/93, 'Zamierzenia w zakresie polityki licencyjnej w latach 1971-1975 na tle dotychczasowych wyników wykorzystania zakupów licencyjnych w krajach kapitalistycznych' (principal tasks for the licence policy), Committee of Science and Technology for Politburo, May 1971.

²¹⁶AAN, KC PZPR 1354, V/100, 'Główne proporcje', 17.

²¹⁷Eisler, *Czterdzieści pięć lat*, 293.

²¹⁸Kazimierz Secomski, 'Nowa koncepcja planu 5-letniego', *Nowe Drogi* 5 (1971), 204-20; Kazimierz Secomski, 'O szybszą i sprawniejszą realizację inwestycji', *Nowe Drogi* 5 (1972), 5-16; Józef Pajestka, 'Innowacyjny dynamizm',

secretary, Rurarz openly called for basing Polish modernisation on the Japanese model.²¹⁹ Although not all of Rurarz's recommendations were implemented in the Five Year Plan, they showed that the fascination with the Japanese example, which was evident in newspapers and academic journals from the late 1960s, fuelled the economic planning of that period.²²⁰ On the other hand, a rejection of 'selective development' and an emphasis on modern technology were demanded by the regional PUWP apparatus and industrial elites in the late 1960s. According to some studies, the new leadership needed to respond to those demands to seize power within the PUWP.²²¹

While the new leadership did secure the internal cohesion of the Party, its proposals on accelerated economic growth carried many risks. Combining it with a similarly ambitious rise in consumption violated the assumptions of the socialist economy. Moreover, the experience of the previous decade spoke against exaggerated economic plans. As Władysław Kruczek, a Politburo member since 1968, mentioned during the discussion concerning the new agenda: 'In our experience, our investments always cost much more than we assume, and we never complete them in time'.²²² The new plan also openly encouraged establishing closer links with companies in capitalist countries, disregarding a possible future dependency on Western industries. Finally, in the post-crisis reality, Polish accumulated capital was not sufficient to carry out these ambitious plans. From early 1971 onwards, it was clear that foreign loans were critical for the new strategy.

Following the December turmoil, the Polish domestic situation demanded looking abroad for financial support. Substantial credit from the Soviet Union allowed the country to respond to the domestic economic crisis and fill gaps in the supply of agricultural products.²²³ It was, however, loans in Western currencies, rather than those offered by the socialist states, that could have a real influence on the economic situation, enabling long-term investments. Thus, from early 1971, the Planning Commission explored credit opportunities with capitalist banks.²²⁴ The new economic plan for 1971-

Życie Gospodarcze 45 (1973), 1 and 4; Kazimierz Secomski, 'Plan dynamicznego i zrównoważonego rozwoju', *Nowe Drogi* 1 (1974), 14-25.

²¹⁹AAN, KC PZPR 1354, XIA/1172, 'Koncepcje Rozwoju Gospodarczego Polski w latach 1971-1995' (concepts of Poland's economic development), Rurarz's report for Gierek, 13 December 1971, 24.

²²⁰Dwilewicz, 'Rola ekspertów', 27-33.

²²¹Kuczyński, *Po wielkim skoku*, 87.

²²²AAN, KC PZPR 1354, V/100, 'Protokół nr 11 z posiedzenia Biura Politycznego' (Protocol from Politburo meeting), 28 February 1972, 13.

²²³AAN, KC PZPR 1354, XIA/506, 'Notatka w sprawie pomocy gospodarczej ZSSR dla Polski' (memo on USSR's economic support for Poland), June 1971.

²²⁴AAN, KC PZPR 1354, V/90, 'Protokół nr 24 posiedzenia Biura Politycznego' (Protocol from Politburo meeting), 29 December 1970, 3.

5 allowed Poland to take 10.4 billion exchange zlotys (3.1 billion US dollars)²²⁵ of new credits, over twice as much proposed in the late 1960s. This plan assumed that in 1975, Poland's indebtedness would not be higher than 7.8 billion exchange zlotys (2.3 billion US dollars).²²⁶ A strong preference was given to investment credits; however, consumption credits were also acceptable from 1971 onwards. Moreover, the leadership allowed credits to be taken based on the self-financing rule. This meant that investment loans were supposed to be repaid after the launch of new production in Poland, and partly in goods.

In the late 1960s, some institutions and individuals discreetly encouraged taking advantage of Western credit opportunities to boost the economy. Gomułka and his allies, however, fiercely rejected the proposals. The change of approach towards credits in 1971 caused a backlash from highly positioned members of the previous leadership, including Gomułka himself, who in an emotional letter to the Central Committee blamed the new leadership for 'eating from someone else's plate'.²²⁷

On the other hand, according to the testimony of Piotr Kostikow, the head of the Polish department in the Central Committee of the CPSU, Moscow not only allowed the Polish leadership to seek credit opportunities in the Western states but even openly encouraged this move.²²⁸ Relatedly, Bożyk, Gierek's advisor from 1972, stated that the Soviet Union took advantage of Poland in order to itself open towards the West.²²⁹ The Polish leadership informed Moscow of its economic plans concerning credits and regularly consulted it about political choices. Until the second half of the decade, those did not raise particular concerns.

Despite the Soviet agreement to the strategy, borrowing money from the West carried economic, political, and ideological dangers. In 1970s Poland, the successful implementation of the new Five Year Plan was the deciding factor in whether the country would avoid the trap of indebtedness. Given that the majority of loans were taken in foreign currency, the most critical pillar of the new agenda in this regard was efficient trade with capitalist states.

The new economic plan proclaimed foreign trade a key task and forecast a 57 per cent increase in its volume, including 55 per cent in exports. The general strategy, however, assumed that the real

²²⁵ Exchange zloty was a unit of account used for the foreign trade transactions. I calculate its value in dollars based on an average exchange rate between 1971 and 1980 which amounted to 0.3 exchange zloty for 1 dollar: *Rocznik Statystyczny 1981* (Warszawa: Główny Urząd Statystyczny, 1981), 406.

²²⁶ AAN, KC PZPR 1354, V/100, 'Główne proporcje', 38.

²²⁷ AAN, KC PZPR 1354, V/93, Gomułka's letter to PUWP Central Committee, 27 March 1971, 25

²²⁸ Kostikow and Roliński, *Widziane z Kremla*, 152.

²²⁹ Bożyk, *Apokalipsa według Pawła*, 34; Czyrek, *Rozmowy z synem*, 74.

offensive in Polish trade would take place in the second half of the decade, when the new investments would start to yield results. An increase in the number of cooperation agreements was supposed to secure such an outcome.²³⁰ Moreover, in the early years of the decade, the government regularly debated new systems of incentives that would encourage employees in the foreign trade sector and industrial associations to improve export results through financial rewards.²³¹ Finally, as previously discussed, in the early 1970s the ministries and industrial associations became much more independent from the centre. The leadership believed that the more autonomous entities would operate more efficiently and therefore achieve better trade results.

Foreign trade was recognised as instrumental already in the late 1960s, and some attempts were made to improve its performance. It was, however, not before 1971 and the ambitious economic plan that this trade became critical for the system. Given the experience of unfulfilled export promises, the bold expectations of the new plan emerge as particularly risky. Indeed, previous economic plans had overestimated Poland's export potential. Furthermore, despite cosmetic improvements in the foreign trade apparatus, the leadership did not introduce any systemic changes that would have facilitated the deliver of export expectations.

The lack of systemic reforms threatened not only foreign trade but also the new agenda as a whole. As already mentioned, the newly established Commission for the Modernisation of the Economy and State Functioning was supposed to propose more general changes in this respect. Its activity was, however, ideologically limited. As explained by Szydlak, the head of the Commission in 1972: 'First of all, we will not be making any noise, any propaganda noise. As you all well know comrades, we are under constant fire, both from within the country and from the outside, so we will not make any noise. Economic reforms are the least suited for propaganda noise. They demand real action, not noise'.²³² Despite the cautious and discreet approach of the Commission, its proposals were rarely implemented. According to testimonies from this decade, those reforms were ideologically unacceptable and constrained by Moscow.²³³ Similarly, other proposals, including fashioning Polish economic system on the Hungarian or Yugoslavian models, both of which had

²³⁰AAN, KC PZPR 1354, V/100, 'Główne proporcje', 17.

²³¹AAN, URM 290, 5.4/17, 'Uchwała nr 57/71 Rady Ministrów z dnia 12 maja 1971 roku w sprawie przeliczników dewizowych i stawek opisu dla obliczenia funduszu nagród za efektywność eksportu w 1971 r.' (government decision on rewards for export), 12 March 1971.

²³²AAN, KC PZPR 1354, XIA/415, 'Stenogram z drugiego spotkania informacyjno-dyskusyjnego kierowniczych grup pracowników Komitetu Centralnego' (Minutes from the meeting between representatives of executive groups of Central Committee), 5 May 1972, 289.

²³³Rurarz, *Byłem doradcą*, 82-4.

supporters among the socialist elites, remained on the level of unofficial debates²³⁴ In the aftermath of the suppression of the Prague Spring and the rise of the Brezhnev doctrine, reform of the system became taboo for Warsaw Pact members.²³⁵

The expected improvement of economic performance without any significant systemic change was a weak point of the new agenda. Moreover, this time policymakers had much more at stake in the event of program failure. The promise of improvement in quality of life, which prompted investments and above all indebtedness to the West, could have had negative consequences for the stability of the regime. The members of the leadership were likely aware of the bold character of the new agenda. As Prime Minister Jaroszewicz framed it when presenting the new economic plan: ‘we have to conclude that the plan is not smooth and easy. It is bold and ambitious and contains many difficulties and risks’.²³⁶ Similarly, Rurarz, in his controversial article for *Nowe Drogi*, argued: ‘I have to stress this once again, we do not have to be inhibited in creating the vision of Polish modernisation. We create brave tasks’.²³⁷ During discussions on presenting the new agenda to the public, Stanisław Trepczyński, a diplomat and a former close associate of Gomułka stressed: ‘The other topic, and this is a big novelty, is the vision of our industrial modernisation on a scale previously unseen. This includes the question of foreign debt and licenses and other things which used to be a deadly sin to think of, and we are not afraid of them’.²³⁸ As such, the ambition and confidence underlying the new economic direction were also supposed to serve as a means of mobilising society and improving the perception of the socialist elites. This logic underlay propaganda slogans such as ‘Poland, the 10th global industrial power’ and ‘We are building the second Poland’, which originated in that period.²³⁹

A bold foreign policy agenda followed the new Five Year Plan. The guidelines for foreign policy, revised after the change of leadership and accepted by the Politburo in May 1971, anticipated that Poland would renew its image abroad, improve relations with Western states, and become the

²³⁴Rurarz, *Bylem doradcą*, 83; Bożyk, *Marzenia i rzeczywistość*, 221.

²³⁵Mark Kramer, ‘The Czechoslovak crisis and the Brezhnev Doctrine’, in Carole Fink, Philipp Gassert and Detlef Junker (eds.), *1968: The World Transformed* (Cambridge: Cambridge University Press, 1998), 169.

²³⁶AAN, KC PZPR 1354, V/100, ‘Protokół nr 11 z posiedzenia Biura Politycznego’ (Protocol from Politburo meeting), 28 February 1972, 2.

²³⁷Zdzisław Rurarz, ‘Przesłanki przyspieszonego rozwoju kraju’, *Nowe Drogi* 10 (1972), 143.

²³⁸AAN, KC PZPR 1354, XIA/337, ‘Stenogram z posiedzenia komisji zjazdowej’ (Minutes from Congress Commission meeting), 23 July 1971, 51.

²³⁹On Polish propaganda in the 1970s see: Marcin Zaremba, ‘Propaganda Sukcesu. Dekada Gierka’, in Piotr Semków (ed.), *Propaganda w PRL- wybrane problemy* (Gdańsk: Instytut Pamięci Narodowej, 2004), 22-32.

most influential socialist state in Europe after the Soviet Union. The document also envisaged Poland as an important actor in shaping the CSCE.²⁴⁰ The list of planned travels for the first secretary and visits of politicians to Poland reflected the launch of the new diplomatic offensive²⁴¹.

Finally, the arrival of Gierek to power brought significant cultural liberalisation to Poland. An immediate improvement in the traditionally problematic relationship between the socialist leadership and the Catholic Church became emblematic of the new approach.²⁴² Moreover, already in the first years of the decade, authors and artists banned from presenting their work publicly were rehabilitated. Among many others, that was the case for Dejmek, whose play caused major controversies during the Polish events of 1968,²⁴³ or Kisielewski, who only two years earlier publicly referred to Gomułka's regime as a 'dictatorship of ignoramuses'.²⁴⁴ An influx of Western culture, including publications, films, arts, and music, followed domestic liberalisation. Moreover, already in 1971, the leadership substantially liberalised passport policy and created a fund entitling Polish citizens to exchange a limited amount of domestic currency against a foreign one at the official beneficial rate. This decision opened doors to an unprecedented number of trips to Western countries, which within five years tripled the number taken in 1970.²⁴⁵

No other socialist regime experienced such a cultural liberalisation in the 1970s. Unlike in the case of the change of the first secretary in 1956, the liberalisation of culture and border crossings were not removed shortly thereafter, but rather remained in place through the decade. From this perspective, it emerges rather as a sign of the regime's confidence than as a short-term means of gaining public support. The decisions enabling the inflow of Western culture and travels to the West evidence not only a belief that the system could stand up to domestic challenges, but also that it could successfully undergo comparisons with capitalism.

Overall, the policy introduced in the early 1970s assumed an unprecedented level of exchange

²⁴⁰AAN, KC PZPR 1354, V/92, 'Kierunki działania Ministerstwa Spraw Zagranicznych na rok 1971' (foreign policy guidelines for 1971), Report by Ministry of Foreign Affairs for Politburo, 11 May 1971, 12–21 and 25–7.

²⁴¹AAN, KC PZPR 1354, V/91, 'Pilna notatka' (Memo on diplomatic visits), Report by Ministry of Foreign Affairs for Politburo, 2 March 1971.

²⁴²On relations between PUWP and Catholic Church see: Katarzyna Pawlicka, *Polityka władz wobec kościoła katolickiego (grudzień 1970-październik 1978)* (Warszawa: Trio, 2004); Antoni Dudek and Ryszard Gruz, *Komuniści i Kościół w Polsce 1945-1989* (Warszawa: Znak, 2003); Antoni Dudek, 'Lawirowanie. Ekipa Gierka wobec Kościoła katolickiego (1971-1978)', *Więź* 7 (1999), 125-52.

²⁴³Tejchma, *Odszedł Gomułka*, 99.

²⁴⁴Antony Kemp-Welch, "'To Hell with Sovereignty!'" Poland and the Prague Spring', in Kevin McDermott and Matthew Stibbe (eds.), *Eastern Europe in 1968* (Basingstoke: Palgrave Macmillan, 2018), 128.

²⁴⁵Dariusz Stola, *Kraj bez wyjścia? Migracje z Polski 1949-1989* (Warszawa: Instytut Pamięci Narodowej, 2010), 486-7.

with the West. While the socialist elites often used the phrase 'opening towards the West' to characterise the new policy in unofficial debates, internal documents avoided it.²⁴⁶ Instead, they talked about increasing Poland's participation in the 'international division of labour',²⁴⁷ 'a more open policy towards the global markets'²⁴⁸, and the policy of 'peaceful coexistence' with the West.²⁴⁹

The new program introduced in the early 1970s was characterised by a momentous impetus. The goals of the new leadership far exceeded the task of solving pressing problems, reaching towards intensified modernisation and stronger international position. Many of these goals had already been expressed in the 1960s, often in the form of a critique of Gomułka's agenda. The main elements of the new economic plan, namely, consumption, economic growth, credits, and foreign trade were inherently risky. Moreover, cultural liberalisation carried dangers for domestic stability. Furthermore, the program went against experience, assumptions of the socialist economy, and recommendations of the previous leadership, and sometimes even raised the attention of the Soviet Union. Finally, through the new economic plan as well as the new goals for foreign and cultural policy, the West became crucial to Poland's future. Relying on developments in the capitalist world, which remained hostile and officially separated by the Iron Curtin, was also adventurous and carried significant risks.

2.4. The logic of the strategy

The new confident program implemented in the post-crisis circumstances raises questions about the goals and expectations of the policymakers. According to conventional interpretations, short-term thinking characterised the political and economic choices of the 1970s. The new plan was therefore regarded as a means to accommodate societal demands and different groups of socialist elites within the limitations delineated by the Soviet Union.²⁵⁰ Narrowing the interpretation to those factors, however, would imply that the leadership disregarded the long-term consequences of the plan, or even that it assumed that it could fail. Given the long-term planning of the socialist economy and the apparent interest of the socialist elites to remain in power, none of these views seems likely. In the following section, I show that, apart from domestic political factors, two widespread assumptions

²⁴⁶ Author's interview with Andrzej Karpiński, 14 January 2020, Warsaw; The phrase is also used in memoirs from the decade e.g. Rakowski, *Dzienniki 1972-1975*, 50; Waszczuk, *Biografia niezłustrwana*, 84.

²⁴⁷ AAN, URM 290, 5.4/22, 'Wytoczne w sprawie rozwoju powiązań kooperacyjnych z zagranicą' (on industrial cooperation), Appendix to government decision 170/71, 14 August 1971, 2.

²⁴⁸ AAN, KC PZPR 1354, V/122, 'Wstępny projekt planu perspektywicznego do roku 1990' (Perspective plan until 1990), Planning Commission for government, December 1973, 27.

²⁴⁹ AMSZ, Dep. IV, 27/77 w.10, 'Perspektywiczny plan działania w stosunku do krajów Europy Zachodniej' (perspective plans concerning Western Europe), 22 April 1971, 7.

²⁵⁰ Jarzabek, 'Polish economic policy', 298; Kuczyński, *Po wielkim skoku*, 87.

underlay and fuelled the new agenda: that the socialist system in its current form could handle the new tasks, and that détente in Europe would remain the permanent state of international relations.

Polish historians often portray the leadership in the 1970s on the one hand as purely technocratic, and on the other as particularly ideologised. At first glance, these views seem mutually exclusive. In reality, they went hand in hand, fuelling confidence in the regime's abilities.

Already in the 1960s, Gierek became known as a 'good manager' of the Silesia province. Later, as first secretary, he continued to fashion himself as a modern manager rather than as a party apparatchik. Memoirs of his colleagues from this decade often stress his pragmatic style.²⁵¹ Jerzy Waszczuk, the head of the Secretariat of the PUWP Central Committee, referred to his governing methods as 'managerial socialism'.²⁵² Even Helmut Schmidt, the chancellor of the FRG in the second half of the 1970s, famously praised Gierek's organisational skills and claimed that he would have made him a minister in his government if he had been German.²⁵³ Moreover, Western politicians, experts and media portrayed not only the first secretary but the entire leadership as technocratic.²⁵⁴ Indeed, as demonstrated above, the renewed composition of key political bodies, above all the government, brought to power many engineers, academics, and professionals. Among others, that was the case for Wrzaszczyk, Jerzy Olszewski, who became the minister of the chemical industry and was a chemical engineer himself, and Włodmierz Lejczak, a miner who became the minister of heavy industry. Gierek allegedly referred to the former, who possessed managerial skills due to his previous experience, as a 'true businessman'.²⁵⁵ Additionally, decisions on the decentralisation of power, were technocratic at their core. Granting more responsibility to industrial associations was a means to foster professionalisation. A similar phenomenon concerned the rise of influence of experts and an increase in their presence in the critical policymaking institutions.

In his memoirs, Rurarz ridiculed the internationally recognised technocratic image of the Polish leadership from the 1970s. He stressed apparent flaws in this interpretation, including the fact that some of the engineering titles acquired by the highly positioned politicians were fake. At the same time, he confirmed that some, including Wrzaszczyk, Jerzy Olszewski, Pajestka, Secomski, and Kisiel, were real technocrats.²⁵⁶ Clearly, the scientific approach does not exhaust the trait-set of the socialist elites in the 1970s. However, it played an important role in legitimising the ambitious

²⁵¹E.g. Rolicki, *Edward Gierek*, 191; Bożyk, 'Polityka Edwarda Gierka', 34.

²⁵²Waszczuk, *Biografia niezłustrowana*, 84.

²⁵³Eisler, *Czterdzieści pięć lat*, 303.

²⁵⁴'Poland's new leader', *New York Times*, 21 December 1970, 15; Adam Bromke, 'Beyond the Gomulka era', *Foreign Affairs* 49:3 (1971): 480–90; Adam Bromke, 'Poland under Gierek. A new political style', *Problems of Communism* 21:5 (1972): 1–19.

²⁵⁵Rurarz, *Byłem doradcą*, 106.

²⁵⁶Rurarz, *Byłem doradcą*, 89–129.

economic and political choices of the early years of the decade, securing the support of broader groups among both the socialist elites and society at large. Moreover, it allowed the failures of recent years to be attributed to inefficient management rather than to systemic weaknesses. The new technocratic approach was supposed to enable the successful implementation of the ambitious plans and therefore became a driver for them.

The perception of the new policymaking methods as technocratic often results in the assumption that the socialist elites in the 1970s had already become ideologically indifferent and aimed exclusively for economic prosperity. This claim is problematic for two reasons. First, it implies that technocracy cannot function in the socialist system. In reality, the socialist economy at its very core upholds an idea of the unlimited potential of scientific management. This became particularly important for the European socialist regimes after de-Stalinisation, when ideology lost its mobilising function. Second, this view emerges from the widespread but misplaced historical assumption that the socialist states were doomed to failure and that their leaders reasoned in those terms.²⁵⁷ But there is no evidence to support the claim that the socialist elites, twenty years before the system collapsed, had lost their confidence in socialist ideas.

A loyalty to socialist ideas was above all secured by the Polish alliance with the Soviet Union, the main guarantor of Polish socialists' power. Moreover, its dominance over Poland kept those who were ideologically questionable from holding high political positions, such as the first secretary of the PUWP or the Prime Minister. Gierek and Jaroszewicz, both of whom had more than 20 years of experience in PUWP structures, fitted the criteria set by Moscow. However, they were not the only members of the leadership engaged in constructing socialism in Poland from the end of the Second World War. As was stressed previously, the changes in the key decision-making bodies after December 1970 did not have a revolutionary character. Consequently, many members of that generation who gained political experience in the interwar Communist Party of Poland were still highly influential in the 1970s. That was the case for Eugeniusz Szyr, the vice prime minister, and Jędrzychowski, minister of foreign affairs until late 1971, and then minister of finance. In turn, general Wojciech Jaruzelski was an active PUWP member since 1948, previously serving in the First Polish Army. After Gierek's take-over he also kept his position as a minister of defence, despite carrying out the suppressions of the Prague Spring and Workers' strikes on the Coast.

However, the generational shift that took place in the PUWP and state apparatus from 1968 brought to power more and more people who entered politics only after the Second World War.²⁵⁸ As

²⁵⁷ Mark and Rupprecht, 'The Socialist World in Global History', 87.

²⁵⁸ Mirosław Szumiło, 'Pomarcowa wymiana kadr'.

is sometimes suggested, however, this new generation was much more ideologically engaged than the previous one. Most of those who joined the Politburo after 1970 had received their political training in the Union of Polish Youth (Związek Młodzieży Polskiej, ZMP), the highly ideological formation inspired by the Soviet Komsomol, which existed during the Stalinist period.²⁵⁹ This experience was shared by six out of 10 newly promoted members of the Politburo, and nine out of 16 in total, for example by Stefan Olszowski, the minister of foreign affairs for most of the decade, and Szydlak, one of Gierek's closest colleagues and the head of the Commission for the Modernisation of the Economy and State Functioning. The increasing influence of this group on policymaking was at the core of the significant ideologisation of many fields of policymaking and omnipresent propaganda campaigns. Paradoxically, Polish historians label the 1970s not only as a 'belle époque'²⁶⁰ of Polish socialism but also as a time of 'Stalinism without terror'.²⁶¹ Indeed, the rise of ideologisation went hand in hand with an improvement in quality of life and liberalisation.

As is generally agreed, the function of ideology in the post-Stalinist socialist regimes changed substantially, becoming more a framework for political and economic manoeuvring than a force for a communist utopia. That, however, does not mean that policymakers from the 1970s, whose political biographies reached the Stalinist and even inter-war periods, lost their confidence in the system's capacity and their attraction to socialist ideas. This confidence, combined with an increasing emphasis on scientific management, which was to serve as a remedy for previous economic failures, underlaid the ambitious planning of the early 1970s.

A general belief in the system, however, was not the only assumption which enabled the new strategy. Western technology, the flow of credits, and efficient foreign trade were critical pillars of the new Five Year Plan. Consequently, the success of the new agenda was conditioned on the international political and economic situation. In this sense, faith in the stability of détente drove the political and economic choices from the early years of the decade.

As demonstrated in the first chapter, the socialist perception of the West underwent a drastic change in the late 1960s, resulting in the removal of ideological obstacles to engaging more closely with capitalist countries. The Treaty with the FRG played a critical role in those developments. Traces

²⁵⁹On generation of Union of Polish Youth see: Hanna Świda-Ziemba, *Młodzież PRL. Portrety pokoleń w kontekście historii* (Kraków: Wydawnictwo Literackie, 2011), 85-134; Eisler, *Czterdzieści pięć lat*, 293; Joanna Kochanowicz (Wawrzyniak), *ZMP w terenie: stalinowska próba modernizacji opornej rzeczywistości* (Warszawa: Trio, 2000).

²⁶⁰ Andrzej Paczkowski, *The Spring Will be Ours: Poland and the Poles from Occupation to Freedom*, trans. Jane Cave (University Park: Pennsylvania State University Press, 2003), 351.

²⁶¹Eisler, *Czterdzieści pięć lat*, 293.

of changing attitudes evident in articles published in the official Party outlet *Nowe Drogi* only intensified after the event. Naszkowski, in his monthly piece on international relations, declared the event a ‘momentous event for the détente in Europe’. Similarly, Frelek, who in 1971 became head of the PUWP Central Committee Foreign Department, and according to memoirs from that decade one of the architects of Poland’s foreign policy in the early 1970s²⁶², claimed that the treaty ‘opened a new chapter for Europe’.²⁶³ Both authors stressed that the two countries should leave the difficult past behind and seek opportunities for closer cooperation. At the same time, Naszkowski still distinguished between the SPD and CDU, describing the latter as a ‘cold war force’.²⁶⁴ This distinction was also present in popular party outlets, which, however, increasingly dropped the narrative of German revisionism that was widespread in the 1950s and 1960s.²⁶⁵ The positive change in perception of the FRG intensified again after the parliament in Bonn ratified the Warsaw Treaty on 3 June 1972.²⁶⁶

In 1971, Naszkowski, in his monthly pieces for *Nowe Drogi*, not only proclaimed peaceful coexistence between socialist and capitalist states in Europe but also explored further developments on the continent. His article from February read: ‘It is obvious that with development of détente between the Western European states and socialist countries, the rationale for maintaining American army armed to the teeth with nuclear weapons in Western Europe would decline’.²⁶⁷ This passage reveals not only that such a scenario was anticipated but also that distinguishing between the US and Western Europe increasingly dominated foreign policy logic. In the early 1970s, the preparations for the CSCE and the deepening integration of Western Europe, examined in depth in the next chapter of this thesis, triggered the perception of relations on the continent as independent from superpower politics, and even threatened by them. According to Naszkowski, the US, worried about the strength of the Western alliance, consciously limited pan-European cooperation.²⁶⁸ Other authors have stressed the increasing tensions in the transatlantic relationship and expected a forthcoming

²⁶² Waszczuk, *Biografia niezłustrwana*, 52.

²⁶³ Ryszard Frelek, ‘Podstawa normalizacji’, *Sprawy Międzynarodowe* 1 (1971), 14.

²⁶⁴ Marian Naszkowski, ‘Na widowni międzynarodowej’, *Nowe Drogi* 1 (1971), 60-1.

²⁶⁵ Mariusz Mazur, *Propagandowy obraz świata. Polityczne kampanie prasowe w PRL 1956-1980* (Warszawa: Trio, 2003), 179-80.

²⁶⁶ Adam Daniel Rotfeld, ‘Wokół ratyfikacji układu PRL-NRF. Problemy polityczno-prawne’, *Sprawy Międzynarodowe* 4 (1972), 27-46; Ryszard Wojna, ‘W 27 lat po Poczdamie’, *Nowe Drogi* 7 (1972), 90-102; Jerzy Sułek, ‘Porozumienia normalizacyjne z lat 1970-1972 a bezpieczeństwo Europy’, *Sprawy Międzynarodowe* 7/8 (1972), 15-27.

²⁶⁷ Marian Naszkowski, ‘Na widowni międzynarodowej’, *Nowe Drogi* 2 (1971), 102.

²⁶⁸ Marian Naszkowski, ‘Na widowni międzynarodowej’, *Nowe Drogi* 3 (1971), 171-9.

emancipation of Western Europe from American dominance.²⁶⁹ Some articles in official party outlets linked previous positive developments, as well as anticipated ones, to the increasing influence of the social-democratic parties in European politics, sometimes openly encouraging cooperation with them.²⁷⁰

The expected progress of détente on the continent also opened the door for the Cold War to be described as a phenomenon of the past. That was the case of the 'History of the Cold War', published in 1971 by Frelek.²⁷¹ A similar logic was present in articles by Rakowski, published in *Nowe Drogi*: 'we should prepare ourselves for times, arriving very soon, when practices and concepts of the Cold War will become completely obsolete. The new European reality, which we can already see approaching, will bring completely new challenges.'²⁷² The proclamation of the end of the Cold War further fueled the discussion from the late 1960s concerning the new character of the rivalry between the socialist and capitalist systems. Throughout the 1970s, various authors explored this problem on the pages of *Nowe Drogi* and other journals and newspapers, pointing to quality of life and system attractiveness as the main battlefield between socialism and capitalism.²⁷³

The renewed perception of the international situation found reflection not only in official press outlets but also in Party and government documents produced in that period. Similarly to Naszkowski in *Nowe Drogi*, a report prepared by the Ministry of Foreign Affairs for the Politburo distinguished between the the SDP and the CDU, and called for expanding relations with the FRG.²⁷⁴ The guidelines for foreign policy concerning Western Europe in 1971 noted the phenomenon of 'emancipation from American hegemony'. For the first time, documents written by the Ministry of Foreign Affairs also recommended expanding the relationship with Western European social-democratic parties, regarded as key to détente on the continent.²⁷⁵ Finally, from 1971, official reports also referred to the Cold War as an experience of the past, proclaiming the emergence of the new, undefined international order.²⁷⁶

The shifts in the perception of the West since the late 1960s and the expected international development are critical for comprehending the origins of the renewed political and economic agenda.

²⁶⁹E.g. Jerzy Sulek, 'Prognoza rozwoju Europy w latach siedemdziesiątych', *Sprawy Międzynarodowe* 3 (1973), 104-10.

²⁷⁰Janusz Gołębiowski, 'Socjaldemokracja a problemy współczesności', *Nowe Drogi* 12 (1972), 76-85; Walerii Kaczanow, 'Socjaldemokracja a jedność klasy robotniczej', *Nowe Drogi* 12 (1974), 116-9.

²⁷¹Ryszard Frelek, *Historia zimnej wojny* (Warszawa: Państwowe Wydawnictwo Naukowe, 1971); other articles: Ryszard Frelek, 'Kryzys zimnej wojny', *Sprawy międzynarodowe* 9 (1971), 21-36.

²⁷²Mieczysław Rakowski, 'Szanse na wielki pokój', *Nowe Drogi* 11 (1972), 69.

²⁷³E.g. Ryszard Wojna, 'Niektóre aspekty pokojowego współistnienia', *Nowe Drogi* 9 (1973), 58-66; Jan Szydlak, 'Aktualne problemy pracy ideologiczno-propagandowej', *Nowe Drogi* 5 (1974), 14-30; Jan Głowczyk, 'Przesłanki europejskiej współpracy gospodarczej i naukowo-technicznej', *Prasa Polska* 10 (1972), 9; Kazimierz Dziewanowski, 'Prawdziwy koniec wielkiej wojny', *Literatura* 40 (1972), 2.

²⁷⁴AAN, KC PZPR 1354, V/92, 'Kierunki działania Ministerstwa Spraw Zagranicznych na rok 1971', 12-4.

²⁷⁵AMSZ, Dep. IV 27/77, w.10, 'Program pracy Departamentu IV na rok 1971' (work plan for 1971), March 1971, 3.

²⁷⁶AMSZ, Dep. IV, 27/77 w.10, 'Perspektywiczny plan działania', 15.

Within a few years, not only did the ideological threat related to dealing with the West disappear, enabling an increase in foreign exchange and borrowings, but a vision of a positive future dominated political thinking. Under those conditions, long-term agreements concerning trade or loans were not perceived as endangered by a revival of Cold War tensions and could easily be integrated into economic planning.

Confidence in the efficiency of the socialist system in Poland combined with an anticipation of beneficial international developments jointly comprised the vision of the future underlying the new economic and political agenda. The countries representing two different systems in Europe were expected to co-exist, cooperate, and compete with each other under peaceful terms. Although the official press still discussed the idea of convergence between capitalist and socialist states as unacceptable, the increasing interest and cooperation with social-democratic parties suggests that in a more inchoate form the idea was present among the socialist elites, especially among its liberal representatives.

While social pressures and demands from the socialist elites shaped the political program of the 1970s, its implementation was conditioned by a faith in the socialist system and the stability of the international situation. In the early 1970s, the former was additionally fuelled by the new technocratic approach of the leadership, which allowed for a disregard of systemic weakness, evident since the previous decades. On the other hand, peaceful coexistence with capitalist states, discussed already in the late 1960s, dominated the understanding of the international situation. In the early years of Gierek's decade, this attitude was reflected not only in Party press outlets and other journals but also in official documents. Both assumptions stood for a vision of positive domestic and international developments that encouraged ambitious planning.

2.5. Conclusion

After the turmoil of December 1970, the new leadership functioned under conditions of domestic instability. Ongoing personal and institutional reshuffling in decision-making bodies, as well as continuous worker unrest, accompanied the reorganisation of national political and economic strategy. Despite the difficulties, already in the first months of 1971, the leadership initiated the ambitious new program. Its main pillars included consumption, accelerated economic growth, foreign loans, imports, diplomatic offensive, and unprecedented liberalisation, carried significant risk for the future of the Polish socialist regime.

The previous chapter demonstrated that the emergence of the new agenda cannot be narrowed

to a response to the December events, as many of the demands of the 1970s had originated in the late 1960s. This chapter further confirmed this argument, showing that the new strategy directly embraced many views from the previous decade and that its goals reached much further than snuffing out domestic unrest. Moreover, the program implemented after December 1970 cannot be reduced to the figure of the first secretary, whose authority was not absolute and who substantially diffused power among the broader socialist elites. In this context, the new agenda was rather a jigsaw of different interests and ideas inherited from the previous decade, undergirded by confidence in the socialist system and by positive international developments. The optimistic perception of the future of Poland in Europe, however, disregarded the possibility of a change in the favourable conditions present in the early years of the decade.

3. A perfect storm? 1973-5

3.1. Introduction

The assumption of the stability of the international situation that underlay the ambitious national strategy faced immediate challenges. The financial and oil crises in the West, the Western European integration, and the Helsinki process, reorganised the international political and economic systems and constituted a threat to Poland's strategy of opening towards the West. Cold War historiography has already demonstrated the influence of these developments on the socialist regimes and shown how they contributed to their economic, political, and ideological erosion in the late 1970s and the 1980s. However, in the case of Poland, with the notable exception of the Helsinki process, the immediate reactions of the socialist elites to these international challenges have gained scant scholarly interest.²⁷⁷

In this chapter, I fill this gap by discussing how the Polish socialist elites interpreted the international situation of the early 1970s and how these interpretations influenced policymaking. I show that the elites considered the period of international political and economic changes as a perfect storm for expanding contacts with the West. In this sense, while international developments carried potential dangers for Poland, they also accelerated its policy of opening. At the same time, the three discussed processes presented Poland with the difficult dilemma of whether to coordinate its actions with other socialist regimes or to act independently. The experience of the first half of the 1970s showed that the latter strategy often proved the more fruitful one, generating increased scepticism towards closer socialist cooperation.

3.2. Crisis in the West

Financial historians agree that the economic instability in the West, which started in the late 1960s and was exacerbated by the oil crisis of 1973, was the principal factor behind the sovereign debt crisis that emerged in the early 1980s. This phenomenon became especially apparent in Latin America and is usually studied through the lens of the Global South. While political scientists and

²⁷⁷ Jarząbek, 'The impact of the German Question'; Jarząbek, *Polska wobec Konferencji*; Jarząbek, 'Hope and Reality'; Lachowski, 'Diplomatic File- Polish Diplomacy and the CSCE'.

economists have often compared these cases with the socialist regimes in terms of response to the crisis, until recently the process of becoming indebted in Eastern Europe has been treated separately from global financial developments.²⁷⁸ Polish historians have presented the rising indebtedness and increasing cooperation with the West in Poland as uniquely national features. This perspective aligns with mainstream trends in the interpretation of the debt crisis, which attribute full responsibility to a debtor.²⁷⁹ However, recent studies shed new light on the sovereign debt crisis in Eastern Europe, and not only link the financial and political sides of the story but also demonstrate how, in the early 1970s, indebtedness was enabled by financial circumstances and specific actors in the West.²⁸⁰ In this section, I provide archival evidence for these claims and push the argument even further. As I show, in Poland, the financial crisis in the West was interpreted as a window of opportunity to expand contacts with the West and become indebted in a manner beneficial for the socialist regime.

After two decades of economic and financial stability, in the late 1960s, inflation in the US started to shake up the Western markets. In response to these developments, in 1971, the US president, Nixon, announced the cancellation of dollars convertibility into gold, which since the end of the Second World War had been the backbone of the Bretton Woods financial system. The decision of the EEC and Japan to remove the fixed dollar exchange and allow their currencies to float marked the system's final collapse. However, already before this occurred, Western European states also experienced inflation and financial instability, which triggered their closer cooperation in these fields within the EEC framework.²⁸¹

Initially, Polish internal reports and academic publication considered the monetary crisis as a Western development with only minor importance for socialist regimes. For this reason, the topic did not attract the attention of the highest policymaking bodies. Nevertheless, bankers regularly prepared reports on the financial situation in the West and explored how it could influence Poland. According

²⁷⁸Eg. Grigore Pop-Eleches, *From Economic Crisis to Reform: IMF Programs in Latin America and Eastern Europe* (Princeton: Princeton University Press, 2009); James Boughton, *Silent Revolution. The International Monetary Fund 1979-1989* (Washington DC: International Monetary Fund, 2001).

²⁷⁹Carlo Edoardo Altamura and Juan Flores Zendejas, 'On the Origins of Moral Hazard: Politics, International Finance and the Latin American Debt Crisis of 1982', working paper (Geneva: Université de Genève, 2016); Mourlon-Druol, 'The role of a creditor', 74.

²⁸⁰Stephen Kotkin, 'The Kiss of Debt'; Bartel, 'Fugitive Leverage'; Steiner, 'The Globalisation Process'; Mourlon-Druol, 'The role of a creditor'; Romano and Romero (eds.), *European Socialist Regimes*.

²⁸¹On collapse of the Bretton Woods in the Cold War context see: Daniel Sargent, 'The Cold War and the international political economy in the 1970', *Cold War History* 13:3 (2013): 393-425; Giovanni Arrighi, 'The world economy and the Cold War, 1970-1990', in Melvyn Leffer and Odd Arne Westad (eds.), *The Cambridge History of the Cold War*, vol. 3, *Endings* (Cambridge: Cambridge University Press, 2010), 23-44.

to a Trade Bank prognosis from March 1970: 'The situation in the credits market in industrialised countries in 1970-1975 will be shaped by a lack of funds caused by high public and private demand for bank loans. In these circumstances, the interest rates will remain very high'.²⁸² Such an interpretation only fuelled Gomułka's scepticism towards taking credits. However, just one year later, following the political change and subsequent shift of attitudes towards foreign loans, a new reading of the international circumstances emerged. According to a report prepared by experts from the Planning Commission, the Ministry of Foreign Trade, and the Ministry of Finance for the Politburo in June 1971, inflation in the West created beneficial credit opportunities. As the document stated: 'the inflation proceeding in the West results in the devaluation of money, and therefore decreases the real value of taken loans'.²⁸³ Moreover, against the Trade Bank's prediction from 1970, in 1972 Western credits became even cheaper; the Ministry of Foreign Trade noticed this phenomenon, claiming in its report: 'the majority of capitalist states decreased their discount rate, which should influence costs of long- and medium-terms credits'.²⁸⁴ While proclaiming beneficial financing conditions, the reports from the early 1970s did not expect these circumstances to last. Already the analysis from 1971 predicted that 'as a consequence of a restrictive policy of some capitalist countries, credits might become more expensive'.²⁸⁵ In 1973, the Ministry of Foreign Trade was even more explicit, stressing that 'we should take advantage of this period to receive the most suitable credits'. It also suggested that becoming indebted to the capitalist countries would make them more interested in exports from Poland, which would secure the country's situation in the future.²⁸⁶ As such, Poland's strategy of the early 1970s aimed to use beneficial financing conditions created by Western inflation to prevent adverse effects of the expected crisis.

Internal documents did not discuss the long-term consequences of Western financial destabilisation. However, mention of possible repercussions for socialist regimes did appear in some expert reports and academic publications. For instance, Ministry of Foreign Affairs analyses

²⁸²AAN, BH 638, 7/88, 'Przewidywany rozwój sytuacji na rynkach walutowych i kredytowych w latach 1970-1975' (Expected developments on monetary and credit markets), 31 March 1970, 5.

²⁸³AAN, KC PZPR 1354, V/93, 'Zasady polityki kredytowej w zakresie obrotów płatniczych z zagranicą w latach 1971-1975' (Rules of credit policy), Report by group of experts including Trąpczyński, Hryniewicz, Krzak, Kisiel, Malesa and others for Politburo, July 1971, 8.

²⁸⁴AAN, URM 290, KT 75/8, 'Notatka w sprawie kredytów na import inwestycyjny z krajów kapitalistycznych w okresie lat 1971-1975' (Memo on investment credits from capitalist countries), Memo by Ministry of Foreign Trade for government, 25 January 1972, 6; Janina Laudańska, 'Problemy finansowe rozwoju kooperacji przemysłowej między Polską a krajami Zachodu', *Handel Zagraniczny* 4 (1975), 24-6.

²⁸⁵AAN, KC PZPR 1354, V/93, 'Zasady polityki kredytowej', 8.

²⁸⁶AAN, URM 290, KT 75/8, 'Notatka w sprawie kredytów', 6.

expressed concern about a possible decrease of Western interest in socialist states as a consequence of more pressing problems.²⁸⁷ Similarly, studies on economic integration on the West addressed the project of the West European monetary union, which they considered a threat to East-West trade.²⁸⁸ Closer monetary cooperation within the EEC, however, was primarily considered a sign of the disintegration of the Western alliance. Reports and academic publications discussing the financial crisis distinguished strongly between the US and the Western Europe, considering the former responsible for the problems of the latter. As noted by the Ministry of Foreign Affairs in 1971: 'The United States, mostly for political reasons, does not wish to face the consequences of its policy and tries to shift the burden onto its Western allies. It is for these reasons that the monetary crisis is taking place in Europe, despite having originated on the other side of Atlantic'. The author predicted a severe conflict between the US and Western Europe, as well as between EEC members.²⁸⁹ This prediction, which was also made by academics and journalists, was reinforced after the eruption of the oil crisis in 1973.²⁹⁰

In October, Arab members of the Organisation of Petroleum Exporting Countries (OPEC) announced an oil embargo targeting Western states, which had supported Israel in the Yom Kippur War. By March, when the embargo was lifted, the price of oil barrel had increased from 3 to 12 US dollars. This resulted in an inflow of OPEC's members surpluses to Western banks. The 'petrodollars', as this money is referred to, rendered Western loans cheap and easily accessible. At the same time, expensive oil reinforced the financial difficulties of Western countries and caused global turbulence in the prices of resources.²⁹¹

The widespread accessibility of beneficial loans became a phenomenon recalled by policymakers, experts, and bankers. As noted by Bożyk:

²⁸⁷AAN, KC PZPR, XIB/194, J. Chowaniec, 'Kryzys Zachodniego systemu walutowego- jego podłoże, charakter i poszukiwanie rozwiązań', *Biuletyn Tygodniowy MSZ*, 21/71, 21.

²⁸⁸AAN, Institute of Finance in Warsaw (Instytut Finansów w Warszawie, IF) 1828, 391, Danuta Gotz-Koziarkiewicz, *Plan Wernera w sprawie utworzenia unii ekonomicznej i walutowej EWG*, 29.

²⁸⁹AAN, KC PZPR, XIB/194, J. Chowaniec, 'Kryzys Zachodniego systemu', 10-1.

²⁹⁰E.g. AMSZ, Dep. IV, 48/77, w.16, 'Europejska Wspólnota Gospodarcza- po sesjach Rady Ministrów z 3/ 4 grudnia 1973- przed 'szczytem w Kopenhadze' (On EEC in 1973), Report by Chrupek, 6 December 1973; AMSZ, Dep. IV, 48/77, w.16, 'Stosunki Europa-USA'; Andrzej Wieczorkiewicz, 'Ekonomiczne problemy Europejskiej "Dziwiałki"', *Nowe Drogi* 5 (1973), 73.

²⁹¹On the oil crisis in the Cold War context see: Sargent, 'The Cold War and the international'; Arrighi, 'The world economy and the Cold War'; Elisabetta Bini, Giuliano Garavini and Federico Romero (eds.), *Oil shock: the 1973 crisis and its economic legacy* (London: I.B. Tauris, 2016).

The increase of petroleum prices resulted in the snowballing of petrodollars [...] to European and American banks, which gave credits to anyone who asked for them and who was creditworthy. [...] When the news about Gierek's interest in credits reached foreign banks, a long line of bankers with profitable offers appeared in front of his office.²⁹²

Similarly, the chairman of National Bank, Witold Bień recalled:

CEO's of influential banks started visiting our country [...]. Offers for credit cooperation were made personally by David Rockefeller, a CEO of Chase Manhattan Bank, and a long line of representatives from other leading Western banks in the US, France, UK, Italy, etc. visited Trade Bank with credit offers. Most sought to meet the minister of finance and the chairman of the National Bank.²⁹³

Unlike previously, however, state institutions now identified the oil crisis as a danger to Poland's national strategy. In January 1974, the Planning Commission presented the government with a report on the factors threatening the economic plan. The document identified unstable global prices and access to resources as endangering the Polish agenda and estimated that they would result in 1 billion exchange zlotys (0.3 billion US dollars) of additional costs. The Commission report recommended saving resources, decreasing costs of production, especially by lowering imports from the West, and reinvigorating exports.²⁹⁴ While the immediate reaction was necessary and received general support, the question of the long-term consequences of the crisis remained unsettled. Although the Planning Commission noticed that: 'the consequences of the fuel-energy crisis in capitalist countries might be long-lasting', it did not explore the influence it could have on the global economy and, consequently, the situation in Poland. As framed by Kisiel: 'Every day brings changes. No one can say with full certainty what the price of copper in 1974 will be. If there is someone who can, he should get a prize'.²⁹⁵ Indeed, the unstable prices made long-term planning particularly difficult, and the phenomenon went beyond access to natural resources. As a draft Five Year Plan from 1975 assessed: 'In the circumstances of inflation and recession in the capitalist world, it is

²⁹²Bożyk, *Apokalipsa według Pawła*, 34.

²⁹³Bień, *Jak doszło do zadłużenia*, 14.

²⁹⁴AAN, URM 290, 5.4/71, 'Informacja w sprawie podstawowych problemów w realizacji NPSG w 1974 roku' (Information on problems with completing plan in 1974), Planning Commission to government, January 1974.

²⁹⁵AAN, URM 290, 5.4/71, 'Zapis przebiegu obrad posiedzenia Prezydium Rządu' (Minutes from Presidium of Government meeting), 8 February 1974, 12.

difficult to predict to what extent the capitalist market will be able to absorb Polish products and what prices and the situation on the credit market will look like'.²⁹⁶ The blurry picture of economic developments allowed a positive interpretation to prevail, and, despite expressing concerns, the draft of the Five Year Plan still predicted an explosion of Polish exports, which would enable maintenance of continuity in Poland's economic policy.²⁹⁷

Not only did this interpretation of the oil crisis not cause a radical revision of economic strategy, it also encouraged closer cooperation with the West. Having significant resources of coal and copper, Poland could gain from turmoil in the prices of resources. The foreign policy plan for 1974 expressed high hopes in this respect: 'inflation and the worsening economic situation in highly developed capitalist countries might cause difficulties for Poland's exports to these countries. On the other hand, however, the West could increase its interest in cooperation with socialist regimes, above all with the Soviet Union and Poland, aiming to secure its access to natural resources and energy'.²⁹⁸ This idea was further developed in the work-plan for 1974 by Department IV of the Ministry of Foreign Affairs concerned with Western Europe:

Looking for alternative sources of energy will result in an increasing demand for coal, which would strengthen the position of Poland as a provider of this critical resource. The increase in demand for coal and electric energy creates the need to secure our partnerships in a long-term and complex manner through economic and cooperation agreements.

The same report also suggested that Poland could take advantage of the turmoil in global resources in talks with EEC members: 'In the upcoming year, we should pay special attention to economic relations with the 'nine'. Taking advantage of the energy arguments (export of Polish coal, interest of the West in connecting energetic systems), we can pressure them'.²⁹⁹ From the Polish point of view, the turmoil in global resources created the perfect conditions to leverage its coal production and build economic ties with the West. These predictions materialised, as the topic of Polish coal soon entered talks with Western politicians. The guarantee of resource deliveries from Poland became

²⁹⁶AAN, KC PZPR 1354, V/131, 'Podstawowe założenia społeczno-gospodarczego rozwoju kraju 1976-1980 /dokument podstawowy/' (draft five-years plan) Report by Planning Commission for government, 5 July 1975, 16.

²⁹⁷AAN, KC PZPR 1354, V/131, 'Podstawowe założenia społeczno-gospodarczego rozwoju', 16-7.

²⁹⁸AAN, KC PZPR 1354, V/120, 'Węzłowe kierunki i zadania polityki zagranicznej PRL w 1974' (foreign policy guidelines for 1974), Ministry of Foreign Affairs for Politburo, 15 January 1974, 4.

²⁹⁹AMSZ, Dep. IV, 20/79 w.11, 'Plan pracy Departamentu IV na rok 1974' (work plan for 1974), December 1973, 3.

an argument when negotiating new credit lines with them.³⁰⁰

Poland's energy security fueled its headstrong attitude towards the crisis. As described in the *Nowe Drogi* in the wake of the oil crisis: 'To a certain degree, our energetic structure makes us independent from the instability of the oil market, and increasing demand for the hard coal opens up the prospect of increasing hard currency incomes. At the same time, long-standing agreements with the Soviet Union secure our access to oil'.³⁰¹ Indeed, along with other CMEA countries, since 1946, Poland had relied on cheap oil provided by the Soviet Union. As studies on socialist economic cooperation have shown, Moscow subsidised resource deliveries to other European socialist regimes. This mechanism was enabled by the CMEA set-prices structure, which undervalued resources and overvalued consumer and industrialised goods, which the socialist regimes exported to the Soviet Union.³⁰² Beginning in the 1960s, the Soviet Union became unhappy with this arrangement and sought to readjust CMEA terms of trade. It was only in 1973, however, when the cost of oil skyrocketed and the prospect of lucrative exports to the West emerged, that it decisively pushed for price reform.³⁰³

Poland was the only socialist regime to support the idea of the aforementioned price reform. However, its proposals based the prices of resources on regional costs instead of on world prices, which in practice meant that the price of coal would go up while the price of oil remained the same. Unsurprisingly, this idea failed to gain the support of the Soviet Union or the other socialist regimes.³⁰⁴ Given that the price mechanism remained unreformed in the wake of the oil crisis, the increase of exports of Polish resources to CMEA was a threatening scenario. According to the Planning Commission, during the next CMEA sessions coordinating Five Year Plans for 1975-1980, the Polish delegation might 'find itself under increasing pressure of CMEA members to increase its deliveries of resources, above all coal, coke and copper'. The goal for the negotiation was to resist this pressure and agree to additional imports only if, in turn, Poland received other resources, above

³⁰⁰E.g. AAN, PZPR 1354, V/129, 'Notatka w sprawie oceny polsko-francuskich stosunków gospodarczych i założeń wizyty Prezydenta V. Giscarda d'Estaing w Polsce' (on Polish-French economic relations and plans for Giscard d'Estaing visit in Poland), Memo by Ministry of Foreign Trade for Politburo, 2 April 1975, 15-6; Długosz, *Służyłem dziewięciu premierom*, 75-7.

³⁰¹ Stanisław Albinowski, 'Kryzys energetyczny', *Nowe Drogi* 3 (1974), 115-6.

³⁰² Stone, *Satellites and Commissars*; Jeronim Perović (ed.), *Cold War Energy. A Transnational History of Soviet Oil and Gas* (Basingstoke: Palgrave Macmillan, 2017).

³⁰³ Kansikas, 'Calculating the Burden of Empire'.

³⁰⁴ Stone, *Satellites and Commissars*, 116-20.

all oil.³⁰⁵ However, Poland was not the only country interested in preserving its resources for exports to capitalist states, which further limited such exchanges.³⁰⁶ At the same time, given the reluctance of the socialist regimes to increase mutual trade, in 1975 the Soviet Union requested that the CMEA immediately increase prices for resources. The new mechanism annually recalculated prices based on average world market prices from the last five years. Although that meant that in 1975 the price of oil doubled in the CMEA, it tripled on the capitalist market.³⁰⁷ With the slower speed, the oil price followed this trajectory. Despite readjustments, selling to capitalist countries remained more profitable than trading with the CMEA members.

As Poland had very modest oil resources, it was hit with a drastic increase in oil prices. In light of a strong emphasis on motorisation, since the early 1970s Poland's demand for oil drastically increased. As the Soviet Union restricted access to oil not only by increasing prices but also by restricting quantity, in the mid-1970s Poland started importing expensive oil from capitalist countries. According to Suvi Kansikas, the Soviet Union was aware that limiting deliveries of oil to the socialist regimes would result in their closer cooperation with the West. The capitalist countries would have to become an alternative source of energy and a market for socialist exports, necessary to cover higher oil prices.³⁰⁸ Indeed, from the perspective of socialist regimes, this decision encouraged their closer cooperation with the West and removed one of the principal advantages of economic cooperation within the CMEA.³⁰⁹

The financial crisis created beneficial conditions for taking loans. While Western inflation made them cheaper, the oil crisis additionally increased their accessibility. Like countries in Latin America and other regions, Poland recognised these circumstances and wanted to use them to its advantage.³¹⁰ Aware that this situation might not last long, it accelerated taking credits. At the same time, the Western crisis blurred the picture of the economic situation, which allowed the optimistic prognosis to prevail. Moreover, domestic mining and access to cheap Soviet oil made Poland's position strong when compared with the capitalist countries. Such an advantage confirmed the perception of the crisis

³⁰⁵AAN, URM 290, 5.4/71, 'Podstawowe zasady koordynacji planów z krajami RWPG na lata 1976-1980' (on coordination of plans with CMEA members), Report by Planning Commission for government, January 1974.

³⁰⁶Stone, *Satellites and Commissars*, 153.

³⁰⁷André Steiner, "Common Sense is Necessary." East German Reactions to the Oil Crises of the 1970s', *Historical Social Research* 39:4 (2014): 236.

³⁰⁸ Kansikas, 'Calculating the Burden of Empire', 361.

³⁰⁹Lorenz Lüthi, 'Drifting Apart: Soviet Energy and the Cohesion of the Communist Bloc in the 1970s and 1980s', in Jeronim Perović (ed.), *Cold War Energy. A Transnational History of Soviet Oil and Gas* (Basingstoke: Palgrave Macmillan, 2017), 371-99; André Steiner, "Common Sense is Necessary".

³¹⁰Jeremy Adelman, 'International Finance and Political Legitimacy. A Latin American View on the Global Shock', in Niall Ferguson et al. (eds.), *The Shock of Global: The 1970s in Perspective* (Harvard: Harvard University Press, 2011), 113-27.

as particularly well suited for regulating economic contacts with the West. However, after 1975, the CMEA no longer provided full energy security for the socialist regimes. As in the case of other members, this reform structurally encouraged closer cooperation with the West and increased scepticism about socialist cooperation.

3.3. Western European integration

Polish scholars have thus far paid little attention to Western European integration and its impact on the socialist regime. The few existing studies have focused exclusively on the top policymaking bodies, leaving most of the picture overlooked.³¹¹ On the other hand, in recent years, historians have started to recognise the EEC as an actor in Cold War European relations, exposing its political ambitions and the economic challenge it posed.³¹² Building on this research, in this section, I explore the socialist elites' perception of the EEC and Poland's policy towards it. After showing that the EEC was critical to Poland's national strategy, I demonstrate how it accelerated the process of opening towards the West.

Western European integration threatened the plans of the Polish leadership, which were based on a complex economic exchange and close bilateral ties between socialist and capitalist countries in Europe. Already in the mid-1960s, Poland experienced adverse effects from the CAP, which impacted exports of its agriculture products. It was however, not before the Hague Summit in 1969 that the Western European integration process acquired a new dynamism. The original six members finally agreed on a further extension of the EEC, envisaged the completion of the common market, and decided to deepen integration.³¹³ The prospect of the expansion of the organisation towards the UK, Denmark, and Ireland, expected for 1973, meant that Polish trade with the West was to be further limited. This scenario was especially worrying in case of the UK, Poland's second most important economic partner among the capitalist countries. Moreover, the EEC members agreed to complete the CCP, which would prohibit outsiders from signing economic agreements with member states on a bilateral level, oblige them to follow unified European terms, and deal directly with the European Commission.

³¹¹ Jajeśniak-Quast, 'Reaktionen auf die Westeuropäische'; Jarząbek, 'The Polish United Workers' Party'.

³¹² Ludlow, 'European integration and the Cold War'; Romano, 'Untying Cold War knots'; Krotz, Patel and Romero (eds.), *Europe's Cold War Relations*.

³¹³ On Hague Summit see: van der Harst, *Beyond the Customs Union*; van der Harst, 'The 1969 Hague Summit'.

Among CMEA members, the prospect created by the Hague Summit was especially threatening for Poland. Already in 1970, EEC members received around 12 per cent of Polish exports. According to estimations from 1971, after the enlargement, trade with the organisation would constitute 60 per cent of Poland's trade with capitalist countries.³¹⁴ Moreover, Polish exports consisted predominantly of agricultural products and textiles, two types of goods which became subject to EEC regulations. This trade structure distinguished Poland from other socialist states. At the beginning of the decade, Bulgaria's and Czechoslovakia's exports to the EEC amounted to around 8 per cent. On the other hand, Romania had established close ties with Western European states already in the 1960s, and EEC members received 20 per cent of its exports in 1970.³¹⁵ These exports, however, included mostly resources, which were not subject to EEC protectionist policies. The GDR benefited from its particular geopolitical situation. According to the Treaties of Rome, it could trade with the FRG without certificates of origin and was not a subject to customs.³¹⁶ Finally, the Soviet Union relied on foreign trade at a minimal level, and similarly to Romania, its exports to Western Europe were composed almost exclusively of resources. Only the Hungarian case was comparable to the Polish one.³¹⁷

Despite this economic interest and the increasing role of the Common Market, contacts between the socialist regimes and the EEC remained restricted by the general agreement between CMEA members, according to which member states were not supposed to make deals with the European Commission and recognise it as a diplomatic entity. The Soviet Union, able to disregard the adverse effects of trade restrictions, was the main advocate of this ideologically motivated policy. Alongside Romania, which was also interested in expanding its relationship with the EEC, Poland challenged the no-recognition approach already in the 1960s. The two countries pushed through acceptance of the informal so-called 'technical' contacts with European Commission representatives. Through these, Poland managed to partly overcome the harmful effects of the CAP, concluding segment

³¹⁴AAN, KC PZPR 1354, V/92, 'Uzupełniająca informacja w sprawie stosunków Polski z EWG' (Complementary information on Poland-EEC relations), Memo by Ministry of Foreign Affairs and Ministry of Foreign Trade for Politburo, 3 May 1971, 2-3.

³¹⁵Calculated based on: *Rocznik Statystyczny Handlu Zagranicznego 1973* (Warszawa: Główny Urząd Statystyczny, 1973), 84-6.

³¹⁶Maximilian Graf, 'Drifting Westward? East Germany and Integrated Europe', in Angela Romano and Federico Romero (eds.), *European Socialist Regimes' Fateful Engagement with the West. National Strategies in the long 1970s* (London and New York: Routledge, 2020), 109.

³¹⁷AAN, KC PZPR 1354, V/92, 'Uzupełniająca informacja', 3; Germuska, 'Balancing between'.

agreements on the export of products such as eggs and poultry.³¹⁸ At the same time, Romania and Poland adopted different strategies towards the CMEA. While the former hindered any attempts at coordinating policy towards the EEC, the latter pushed for a joint response.³¹⁹ These Polish efforts, however, did not bring tangible effects in the first half of the 1970s.

In light of the new agenda of the Polish leadership, as well as the prospect of the closer Western European integration, the existing modest, unofficial, cooperation with the EEC needed to be expanded. Such a conclusion emerged from a report sent to the Politburo by the Ministry of Foreign Affairs and the Ministry of Foreign Trade in May 1971. They assumed that the next pressing topics which were to be discussed with the Commission, such as the trade of textiles and meat, might be too complex to be dealt with only at a segment level and should be carried out through broader agreements. Moreover, the report encouraged the use of various contacts to collect information about Western European integration and establish closer relations with the EEC. According to this recommendation, this goal could be best achieved through diplomatic networks, an increase in scientific exchange, and participation in trade and cultural events.³²⁰

Following these suggestions in the early 1970s, Poland developed its institutional apparatus with an eye towards the EEC. The first step in this direction involved the establishment of a three-person special unit in Brussels. The new institution, launched in 1971, was supposed to closely observe the processes of Western European integration and regularly report on it to the Ministry of Foreign Affairs and the Ministry of Foreign Trade, which jointly supervised it. Zdzisław Chrupek, who became the first head of the unit, had hardly any political experience, as he had worked previously as an academic at the Faculty of Economic Science at the University of Warsaw. As head of the unit, he was assisted by Adam Paczocha, a Ministry of Foreign Affairs employee.³²¹ While officially employed as a diplomat in Paris since 1965, in reality, Paczocha was an undercover lieutenant colonel in the Polish army.³²² The specific economic issues related to the EEC were researched by Zbigniew Zajackowski, a foreign trade professional designated by the Ministry of Foreign Trade. This arrangement, in which experts were mixed with representatives of the secret services, was maintained throughout the decade. In 1976, Paczocha was replaced by Tomasz

³¹⁸AAN, KC PZPR 1354, V/92, 'Uzupełniająca informacja', 4.

³¹⁹Kansikas, *Socialist Countries Face*, 107-10; Dragomir, 'Breaking the CMEA hold'; Bottoni, 'Unrequited Love?'.
³²⁰AAN, KC PZPR 1354, V/92, 'W sprawie stosunków Polski z EWG' (On Poland-EEC relations), Memo by

Olszewski and Winiewicz for Politburo, 20 March 1971.

³²¹AMSZ, Dep. IV, 27/77, w.11, Paszek to Kociołek, 12 October 1971.

³²²AIPN BU 2602/21123, Paczocha's file.

Kośmider, who, while officially working for the Ministry of Foreign Affairs, in reality, was an employee of the Ministry of Interior.³²³ The same year, Zajaczkowski's position was taken over by Jerzy Orzeszko, again a professional from the Ministry of Foreign Trade. Chrupek kept his post until 1977 when Antoni Osmański, former head of the international integration unit in the Department for Western Europe (IV) of the Ministry of Foreign Affairs in Warsaw, took over his position. The Polish ambassador to Belgium between 1971 and 1980, Stanisław Kociołek, further supported the group's activity, handling correspondence with the Ministry of Foreign Affairs.

The unit's main tasks were to collect information about the political and economic aspects of the Western European integration and analyse them. Personal contacts with Western diplomats were defined as an important means of fulfilling these goals.³²⁴ This strategy was a substantial departure from that of the 1960s, when unofficial contacts were made only occasionally. The main responsibility in this regard, however, was carried out by the head of the mission. Chrupek, and later Osmański, established especially fruitful relationships with Umberto Stefani, of the Secretariat-General of the European Commission, whom both met regularly.

The creation of the unit in Brussels was followed by the establishment of integration units in the Ministry of Foreign Affairs in 1971, and the Ministry of Foreign Trade in 1973, in Warsaw.³²⁵ These teams relied heavily not only on reports from Brussels but also reports from Geneva. As the headquarters of both GATT and the United Nations Economic Commission for Europe (ECE), Poland's representation to these organisations regularly reported on the EEC. In 1973, the Ministry of Foreign Affairs attempted to coordinate these efforts and requested that each embassy delegate one employee to work exclusively on Western European integration.³²⁶ Moreover, it started to organise annual meetings of ambassadors to EEC member states on the integration process.³²⁷ Similar gatherings were hosted by the Ministry of Foreign Trade for Trade Councillors and representatives of both ministries.³²⁸

In Warsaw, a few individuals played particularly instrumental roles in research on Western European integration. This group included Rurarz, who had been personal advisor to the PUWP first

³²³AIPN BU 2974/454/D, Jarecki's file.

³²⁴AMSZ, Dep. IV, 48/77, w.16, 'Zakres kompetencji w sprawach EWG zespołu ekonomicznego w Ambasadzie PRL' (Competences of the EEC unit), May 1972, 3.

³²⁵AAN, MHZ 351, 33/11, 'Projekt nowej struktury organizacyjnej MHZ' (Project of the new institutional structure of the Ministry of Foreign Trade), 8 May 1971; AMSZ, Dep. IV, 48/77, w.16, Memo on creation of team concerned with Western European international organisations, June 1973.

³²⁶AMSZ, Dep. IV, 48/77, w.16, Sokolak to Embassies in EEC states, 30 June 1973.

³²⁷AMSZ, Dep. IV, 48/77, w.15, 'Notatka w sprawie zorganizowania narady Ambasadorów akredytowanych w krajach Europejskiej Wspólnoty Gospodarczej' (On meeting of Polish ambassadors in the EEC states), Memo by Sokolak, 2 May 1973.

³²⁸AMSZ, Dep. IV, 46/77, w.10, Memo by Staniszewski, 16 February 1972.

secretary and later to the Minister of Foreign Affairs, and Stanisław Długosz, vice minister of foreign trade. Both were trained at the prestigious Main School of Planning and Statistics, had international experience, and continued academic research alongside their political activities.

The significant ministerial interest in the integration process was accompanied by secret service activity under Paczocha, with the cryptonym 'Parnas', and later Kośmider, with the cryptonym 'Jarecki'. The Ministry of Interior put significant emphasis on personal contacts with and surveillance of Western diplomats. In an operation referred to as 'Treaty', they collected information on the employees of EEC bodies in Brussels.³²⁹ The department dedicated to socialist states at the European Commission was under constant observation, and some modest attempts were made to conscript its employees.³³⁰

Among the expert bodies, the PISM, the Polish Foreign Trade Institute and the Main School of Planning and Statistics were the key institutions scrutinising the EEC. The journal *Sprawy Międzynarodowe*, issued monthly by the PISM, almost always opened with an article on European détente, usually touching on Western European integration, as did monthly *Handel Zagraniczny*, published by the Polish Foreign Trade Chamber, which was associated with the Polish Foreign Trade Institute. In these periodicals, authors like Józef Słodczuk, Michał Łytko, Wirginia Grabska, and Zbigniew Kamecki, pioneered research on Western European integration. Moreover, both monthlies published work by authors engaged in policymaking, including Rurarz and Długosz.

The ongoing research in Western integration processes carried out by different institutions provided Poland with a solid picture of the integration's progress. However, as in the case of the Western financial crisis, interpretations of these developments varied. According to the official CMEA position, the EEC was a negative phenomenon and an economic weapon in the Cold War confrontation, which discriminated against socialist states through trade restrictions. The Polish perception of Western European integration, while mostly sharing this stance, remained somewhat more ambiguous.

Polish reports and the official press tended to see the problem of the EEC primarily as that of German growth. They expressed concern not only that the economic rise of the organisation would strengthen FRG, but also that through the multilateral channel, the country would soon dominate

³²⁹AIPN BU 3559/12, 'Plan pracy operacyjnej wydziału V Zarządu VIII Departamentu I MSW w stosunku do Europejskiej Wspólnoty Gospodarczej' (Operation plan concerning the EEC), 2 April 1976.

³³⁰AIPN BU 3559/12, 'Notatka dot. organizacji Wydziału KS w Komisji EWG' (On socialist states department in the Commission of the EEC), Memo by Jarecki, 10 February 1978.

Europe.³³¹ However, following the Treaty on the Border of 1970, new voices challenging the equation between the FRG and the EEC appeared. Łytko, in his article in *Sprawy Międzynarodowe* from January 1972, argued against assuming that the FRG was dominant in the organisation and revealed how internal mechanisms of the EEC prohibited all members from uncoordinated political and economic growth. For this reason, he encouraged a positive perspective on the upcoming EEC enlargement to the UK, which in his view would limit FRG domination and slow down the integration process.³³² The view that the EEC should be considered rather as a factor limiting the FRG imperial ambitions, than facilitating its rise, was often put forward by Western diplomats, and therefore made it into reports prepared by the Ministry of Foreign Affairs.³³³

The evolution of perceptions, when compared with the 1960s, also concerned the overall place of the EEC in international relations. Unlike in previous years, when Western integration had been considered an American project, it started to appear as an opportunity to weaken the Western European transatlantic bond. The monetary and the oil crises exposed conflicts in the Western alliance, confirming this view.³³⁴ Additionally, the research institutions explored this aspect of the integration processes, pointing out the chance for a reorganisation of the existing, bipolar world order.³³⁵ Rurarz, in his collection of essays, suggested that if the development of the EEC was successful, it would become a superpower comparable to the US and the USSR.³³⁶

The challenge for those ambiguous foreign policy views came from the security position. When the plan concerning relations with Western Europe, prepared by the Ministry of Foreign Affairs in 1971, was sent to the Ministry of Defence, it received many negative comments. Army experts criticised the authors for forgetting that ‘for the countries of the Warsaw Pact, the biggest threat is and will be NATO, and on the economic level EEC’, equalising the character and goals of the two

³³¹AMSZ, GM, 32/75, w.23, ‘Główne kierunki rozwoju stosunków polityczno-gospodarczych Polski z zagranicą’, in Włodzimierz Borodziej (ed.), *Polskie dokumenty dyplomatyczne 1972* (Warszawa: Polski Instytut Spraw Międzynarodowych, 2005), 647-8.

³³²Michał Łytko, ‘Europa Zachodnia- perspektywy integracji politycznej’, *Sprawy Międzynarodowe* 1 (1972), 107-8.

³³³AMSZ, Dep. IV, 46/77, w. 10, “‘Uwagi z 5-tych Rozmów Europejskich’ zorganizowanych przez Unię Europejską krajów skandynawskich i NRF w Kiel w dniach od 17 do 20 września 1972’, 5 October 1972, 4.

³³⁴See e.g. AMSZ, Dep. IV, 48/77, w.16, ‘Stosunki Europa-USA na tle sesji Rady Ministerialnej EWG w Luksemburgu’ (On EEC-US relations), Report by Chrupek, 14 June 1973.

³³⁵E.g. Jerzy Sułek, ‘Prognoza rozwoju Europy w latach siedemdziesiątych’, *Sprawy Międzynarodowe* 3 (1973), 104-10.

³³⁶Zdzisław Rurarz, *Dylematy rozwoju. Dziewięć wykładów z międzynarodowych stosunków gospodarczych* (Warszawa: Państwowe Wydawnictwo Ekonomiczne, 1977), 208.

organisations.³³⁷ One year later, in a similar report, the Ministry of Defence described the EEC as a tool of 'economic war' influenced by 'cold-war oriented military circles'. The author also argued against perceiving the EEC as independent from the US and forgetting about the FRG's domination in it.³³⁸ Those judgments reveal that the military was safeguarding the official Soviet interpretation of the EEC against the increasingly welcoming assessments arriving from the Ministry of Foreign Affairs, Ministry of Foreign Trade and research institutions.

Regardless of differences in interpreting specific aspects of the Western integration process, the bulk of the reports and studies of the EEC were marked by a concern for deepening the division of Europe. From this perspective, the progress of economic integration meant not only increasing economic difficulties but also a frightening geopolitical scenario, wherein the two parts of the continent were to be firmly separated.

Moreover, this prognosis could materialise not only through the successful integration of Western Europe but also through the influence this process had on the situation in the East. Research institutions and academic journals often explored the parallels between the CMEA and the EEC, and two different models of integration in Europe.³³⁹ Such a juxtaposition had inevitable consequences for the perception of cooperation between the socialist states, which finds illustration in the terminology used to describe the relevant bodies. While in the 1950s the CMEA was described as a 'socialist solidarity', only in the 1960s, with the rise of Western 'integration', was the same term applied to the processes taking place in the East.³⁴⁰ Following this pattern, some highly positioned policymakers in the 1970s perceived the EEC as a possible source of inspiration for the future of socialist integration. While advocating for the creation of a special EEC unit in Brussels, Kisiel, stated that its reports would nourish the plan of the reconstruction of the CMEA.³⁴¹

The parallel between the two integrations caused concern among some members of the socialist

³³⁷AMSZ, Dep. IV, 28/77, w.6, 'Uwagi specjalistów wojskowych do projektu wstępnych założeń perspektywicznego planu działania w stosunku do krajów Europy Zachodniej' (Comments from military experts to perspective plans concerning Western Europe), Ministry of Defence to Ministry of Foreign Affairs, 22 May 1971, 2.

³³⁸AMSZ, Dep. IV, 46/77, w.10, 'Notatka informacyjna dotycząca militarnych aspektów funkcjonowania EWG' (On military aspects of the EEC), Memo by Ministry of Defence for Ministry of Foreign Affairs, 2 April 1972.

³³⁹E.g. Józef Słodaczuk, 'Handel Wschód-Zachód a rozwój gospodarczy w Europie Wschodniej i Zachodniej', *Sprawy Międzynarodowe* 9 (1971), 49-52; 'Dyskusja: Procesy międzynarodowej integracji w Europie', *Sprawy Międzynarodowe* 10 (1979), 153-68.

³⁴⁰Interview with Professor Andrzej Zawistowski, '70 lat temu utworzono Radę Wzajemnej Pomocy Gospodarczej', *Interia Nowa Historia*, 25 January 2019, <https://nowahistoria.interia.pl/prl/news-70-lat-temu-utworzono-rade-wzajemnej-pomocy-gospodarczej,nld,2801930> (accessed: 3 May 2019).

³⁴¹AMSZ, Dep. IV, 27/77, w.11, Kisiel to Kajzer and Winiewicz, 25 October 1969.

elites. Although such scepticism towards socialist integration was never expressed publicly, the increase in Western European unity was perceived as prompting an increase in socialist unity, which for many meant an increase in control from the Soviet Union. The possibility of such a scenario worried, for example, Rakowski. In his memoirs, he mentioned that he was highly sceptical about integration in Europe, which in his view would push Poland closer to the Soviet Union and confirm the division of the continent. He also claimed to have expressed his concerns to Western politicians, including Brandt.³⁴² According to Rakowski, his view was shared by Polish minister of foreign affairs, Stefan Olszowski, who allegedly had told him ‘in talks with my most confident Western partners, I had been trying to get into their heads what the effects of their actions might be’.³⁴³ Rurarz, in his memoirs, similarly assessed the matter. Concerned with the possibility of an increase in the Soviet domination of Poland, he claimed to have been against any form of integration. He also openly criticised academics praising the Western European model, such as Słodaczuk. In his view, the positive perception of the EEC and its supranational authority would only provide the Soviet Union with arguments to increase its control over the CMEA.³⁴⁴

Even though the judgement about the EEC differed among the state bodies and research institutions, they all agreed upon the irreversibility of the integration. As one analysis from the Ministry of Foreign Trade framed it: ‘the unity of Western Europe is inevitable’.³⁴⁵ Even the critical Ministry of Defence, in its report from 1972, admitted: ‘The process of the Western European integration is so advanced that it had already passed the point from which there is no return’.³⁴⁶ Similarly, Łytko, in his article for the *Sprawy Międzynarodowe* from 1971, noted ‘we had passed the times when the socialist states regarded Western European integration as a temporary, unsustainable phenomenon’.³⁴⁷ The perception of the EEC as a permanent actor in European relations confirms the phenomenon described by Kiran Klaus Patel. The author argued that while in reality, Western Europe faced numerous difficulties in such integration, it succeeded in fashioning the process as unique and

³⁴² Rakowski, *Dzienniki 1976-1978*, 37.

³⁴³ Rakowski, *Dzienniki 1976-1978*, 46.

³⁴⁴ Rurarz, *Bylem doradcą Gierka*, 137.

³⁴⁵ AMSZ, Dep. IV, 46/77, w.10, ‘EWG- polityczna ocena integracji Europy Zachodniej i stosunków między EWG-KS’ (Political assessment of Western European integration and relations between the EEC and socialist states), Bisztyga to Olszowski, 17 January 1972, 8.

³⁴⁶ AMSZ, Dep. IV, 46/77, w.10, ‘Notatka informacyjna dotycząca militarnych aspektów funkcjonowania EWG’ (On military aspects of the EEC), Memo by Ministry of Defence for Ministry of Foreign Affairs, 2 April 1972. 10.

³⁴⁷ Michał Łytko, ‘Pierwsze zarysy rozszerzonej EWG’, *Sprawy Międzynarodowe* 10 (1971), 34.

continuously progressive.³⁴⁸ The Polish conviction about the inevitability of integration reveals the power of this narrative.

In light of these assessments, the Ministry of Foreign Affairs, the Ministry of Foreign Trade, and other involved institutions pushed Polish policymakers towards acknowledging this new geopolitical actor and working out Poland's political position towards it. Regardless of this pressure, in the first half of the decade, the highest political bodies rarely issued recommendations about the EEC. Moreover, despite Poland's pressure, the CMEA activity with regard to the EEC in the early 1970s was minimal, and according to reports by the Ministry of Foreign Affairs, the organisation was unlikely to play a role in regulating the relationship with the EEC any time soon.³⁴⁹ Under those circumstances, national political and economic goals could be secured only through profiting from the possibilities offered by the EEC and its members without violating the accords between the CMEA members. This situation paradoxically accelerated the processes of Polish engagement with the capitalist world, encouraging its bilateral relations with Western states, increasing its activity in international organisations, fuelling its economic cooperation with the Western part of the continent, and finally, intensifying unofficial relations with the European Commission.

From the CMEA standpoint, the EEC was a non-existent entity, so relations with its members were to be carried out bilaterally.³⁵⁰ Similarly, a 1971 document defining Polish foreign policy stated 'Our goal is to maintain, as long as possible, bilateral relations with the EEC states, not allowing any interference by the Commission. In the short term, we should take advantage of these relations to mitigate harmful restrictive and discrimination practices'.³⁵¹ With the introduction of the CCP expected in 1975, securing the ability to trade with EEC members emerged as a crucial task. Consequently, between 1971 and 1974, Poland concluded economic agreements with all six original EEC members, and two out of three new ones. These were followed by unprecedented diplomatic activity and efforts to institutionalise relations, for example through annual bilateral 'round table' meetings between politicians and economists. Moreover, the anticipated political and economic closure of Western Europe also stimulated interest in countries outside the EEC. Their non-

³⁴⁸Kiran Klaus Patel, 'Provincialising European Union: Co-operation and Integration in Europe in a Historical Perspective', *Contemporary European History* 22:4 (2013): 649-73.

³⁴⁹AAN, KC PZPR 1354, V/92, 'Kierunki działania Ministerstwa Spraw Zagranicznych na rok 1971', 20.

³⁵⁰AAN, KC PZPR 1354, V/104, 'Stanowisko LRB, WRL, MRL, PRL, ZSRR i CSRS w sprawie stosunków Rady Wzajemnej Pomocy Gospodarczej z Europejską Wspólnotą Gospodarczą' (CMEA's position towards EEC), 20 June 1972, 8.

³⁵¹AAN, KC PZPR 1354, V/92, 'Kierunki działania Ministerstwa Spraw Zagranicznych na rok 1971', 20-1.

participation in the organisation motivated a rise in Polish diplomatic activity towards Scandinavian states.³⁵² Similarly, Poland tried to establish ties with Spain and Portugal. As a Ministry of Foreign Affairs report stated, 'we need to secure our interest in Spain in case the EEC integrates it'.³⁵³

Poland's unusual bilateral activity was accompanied by increased interest in multilateral cooperation. Already in 1971, Poland was a member of 583 international organisations, overtaking all other socialist regimes, including the Soviet Union and Yugoslavia.³⁵⁴ The prospect of closer cooperation with the EEC only encouraged this trend. On the practical level, participating in international organisations provided a chance to interact with the EEC without officially recognising it. More importantly, however, multilateral organisations offered an alternative to the exclusive integration model proposed by EEC.

GATT was particularly important for securing Polish economic interests. As reports by the Ministries of Foreign Affairs and Foreign Trade on multilateral cooperation stated, the main goal of the Polish delegation to GATT was to mitigate the harmful effects of EEC policy.³⁵⁵ The multilateral forum constituted an excellent place for unofficial interaction with European Commission representatives. Moreover, GATT functioned based on the Most-Favourite Nation clause (MFN), meaning that the members were to apply equally beneficial terms of trade. The creation of the EEC threatened this, as it aimed to protect the Common Market through external tariffs and quantity restrictions. Participating in GATT gave Poland an argument against EEC discrimination, which the Ministry of Foreign Trade recommended was to be applied in talks with Western diplomats.³⁵⁶ The effects of the GATT talks became clear in 1974, when Poland signed an international agreement on textile trade which obliged the signatories to annually lower tariffs and quantity restrictions.

Recognising the possibilities GATT offered, Polish experts started to discuss the organization in positive terms. A report from Brussels by Zajączkowski identified the development of foreign

³⁵² AMSZ, Dep. IV, 27/77, w.10, 'Program pracy 1971', 15.

³⁵³ AMSZ, Dep. IV, 2/84, w.4, 'Plan pracy Departamentu IV na rok 1978' (Work plan for 1978), 30 December 1978, 43.

³⁵⁴ AAN, KC PZPR 1354, XI/546, 'Analiza udziału Polski w międzynarodowych organizacjach rządowych w aspekcie politycznym, gospodarczym i finansowym' (On Poland's participation in international organisations), Report by Foreign Department of the PUWP Central Committee, 3 June 1971, 1.

³⁵⁵ AAN, KC PZPR 1354, V/145, 'Oceny i wnioski wynikające dla Polski z wielostronnych rokowań i ważniejszych międzynarodowych konferencji gospodarczych /synteza/' (On Poland's participation in multilateral economic forums) Report by Ministry of Foreign Affairs and Ministry of Foreign Trade for Politburo, June 1977, 6.

³⁵⁶ AMSZ, Dep. IV, 46/77, w.10, 'Projekt. Sposób stawiania spraw dot. Stanowiska Polski wobec EWG w dyskusjach i rozmowach na terenie państw zachodnich' (On presenting Poland's attitude towards the EEC in talks in the West), 26 January 1972, 1.

trade, enabled by the GATT system, a pillar of peaceful coexistence after the Second World War.³⁵⁷ According to Rurarz, the EEC represented 'localism' and 'exclusivism' while GATT stood for 'globalism', which he considered the future of the economy.³⁵⁸ Given the value attached to it, the Ministry of Foreign Trade opted to improve Polish influence in GATT and at the same time raise the organisation's interest in Polish affairs. The invitation of the GATT director general Oliver Long to Poland in 1973 was to serve these goals.³⁵⁹

While mitigating the adverse effects of EEC integration, GATT was fundamentally a Western organisation representing the interests and values of capitalist states. Moreover, it obliged its participants to annually increase their trade with other members by seven percent, which systematically increased Poland's entanglement with the capitalist economy.

The ECE was another multilateral platform that offered Poland closer engagement with Western European states. Unlike GATT, it did not require any economic adjustments but only facilitated multilateral economic cooperation. From 1947, the ECE was the only space where diplomats and experts representing all European countries regularly met and discussed issues.³⁶⁰ Poland had high hopes for its development and expected that after the CSCE it would become a permanent framework for East-West economic cooperation.³⁶¹ Academic journals also described the ECE as an organisation which resisted the permanent division of Europe.³⁶² As with GATT, the need to create an alternative to Western European exclusiveness drove Polish engagement in the ECE.

While securing bilateral and multilateral channels of cooperation with the EEC members for the future, Poland also aimed to gain as much as possible before the closure of the Common Market. Cooperation agreements and credits were the principal tools in Poland's modernisation programme threatened by Western European integration.

Introduction of the CCP would mean not only the end of bilateral economic agreements with the EEC member states but also the unification of those countries' tariffs. Consequently, states that

³⁵⁷AMSZ, Dep. IV, 46/77, w.10, 'Notatka informacyjna nr 3/72 w sprawach EWG' (On EEC), Memo by Zajączkowski and Szuman, 14 September 1972, 20.

³⁵⁸Rurarz, *Dylematy rozwoju*, 145.

³⁵⁹AAN, MHZ 351, 33/11, Memo on Oliver Long visit, 13 June 1973.

³⁶⁰All European states except from the GDR, which joined in the 1970s and Albania. Vlad Paşca, 'A Détente Equation: The United Nations Economic Commission for Europe and Socialist Experts before Helsinki (1947–1975)', *East Central Europe* 45:2-3 (2018): 160-83.

³⁶¹AAN, KC PZPR 1354, V/128, 'Węzłowe kierunki i zadania polityki zagranicznej PRL w 1975' (foreign policy guidelines for 1975), Report by Ministry of Foreign Affairs for Politburo, 28 January 1975, 17.

³⁶²E.g. Michał Dobroczyński and Witold Zaremba, 'Koordynacja europejskiej współpracy gospodarczej', *Sprawy Międzynarodowe* 5 (1972), 32.

traditionally offered Poland beneficial terms of trade were to adjust their standards to the others. The new policy did not usually include, however, cooperation agreements concluded before its introduction. Therefore, signing as many cooperation deals as possible was a good strategy to avoid the harmful effects of Western European integration. Advice to this effect came from Stefani during talks with Chrupek in early 1974. He encouraged the Polish diplomat to take advantage of the favourable circumstances related to the CSCE talks at the time and conclude many cooperation agreements.³⁶³ The Polish Ministry of Foreign Affairs made a similar recommendation.³⁶⁴

An even more significant concern was related to credit opportunities, regularly identified in Polish analyses as a possible adverse outcome of Western European integration.³⁶⁵ As the European Commission never aimed to regulate credit, this anxiety was misguided.³⁶⁶ However, in 1972 the Ministry of Foreign Trade sent the following recommendation to the government:

We should expect that the EEC will aim to unify the terms of export credits for socialist states, especially after 1974. We should take advantage of the time separating us from this moment to become as indebted as possible to EEC member states. The position of debtor would be more beneficial for maintaining bilateral interests.³⁶⁷

The expansion of diplomatic and economic ties, however, sometimes reached a dead end, making direct relations with the EEC inevitable. In the early 1970s, this happened after the EEC introduced further restrictions on Polish exports of textiles and meat. However, it was not before 1974, with the looming introduction of CCP, that unofficial contacts with representatives of the European Commission multiplied. Carefully following debates between the EEC members, Poland hoped that internal tensions, deepened at the time because of the oil crisis, would prevent implementation of the CCP.³⁶⁸ Although on various occasions in 1974 Stefani assured Chrupek that the new regulation was definite, Polish diplomats in Brussels and Geneva used their networks to

³⁶³AMSZ Dep. IV, 20/79, w.12, 'Analiza i ocena sytuacji w EWG z końca stycznia 1974 roku' (On EEC), Report by Chrupek and Paczocha, 29 January 1974, 10-1.

³⁶⁴AMSZ, Dep. IV, 20/79 w.11, 'Plan pracy Departamentu IV na rok 1974', 3.

³⁶⁵AAN, KC PZPR 1354, V/101, 'Wstępne poglądy strony polskiej w sprawie stosunków pomiędzy RWPG i krajami RWPG z EWG' (on CMEA-EEC relations), Memo for Politburo, 14 March 1972, 1-2; Janina Laudańska, 'Problemy finansowe rozwoju kooperacji przemysłowej między Polską a krajami Zachodu', *Handel Zagraniczny* 4 (1975), 24-6.

³⁶⁶Romano, 'Untying Cold War knots', 14.

³⁶⁷AAN, URM 290, KT 75/8, 'Notatka w sprawie kredytów', 10.

³⁶⁸AMSZ Dep. IV, 20/79, w.12, 'Analiza i ocena sytuacji w EWG'.

verify the information.³⁶⁹ Eventually, in October, Poland and other socialist states received an official aide-memoire concerning the future of EEC external relations after the introduction of the CCP.³⁷⁰

This event triggered the coordination of policy among CMEA members. Acting under pressure from Hungary and Poland, already in 1972 Brezhnev called for normalising relations between the two organisations. It was, however, not before 1974, and the prospect of the CCP introduction, that the organisation issued an invitation to the European Commission to launch talks in Moscow. In November, the EEC accepted the proposal, and the first meeting was envisaged to take place in 1975.³⁷¹ Such an outcome was not a desired one from the point of view of the EEC, which pursued a strategy of dealing with the socialist countries independently, not through the CMEA. Being afraid of the possibility of strengthening socialist cooperation and empowering the Soviet Union, the EEC tempted socialist regimes with beneficial separate deals and remained reluctant to conclude trade agreements with the CMEA. At best, it considered a broad, general agreement, which would lead to specific agreements with each country.³⁷²

From the Polish perspective, the launch of the CMEA-ECC negotiation was not necessarily beneficial. Concluding a deal with the European Commission would require granting the CMEA supranational power, which it never had before. Such a step would offer the Soviet Union a new tool of control over the socialist regimes and deepen the division of Europe, which, as already mentioned, concerned a portion of the Polish socialist elites. Moreover, the experience of socialist cooperation when facing the EEC was disappointing. In the 1970s, Poland hardly ever consulted with other socialist states in bilateral meetings about its policy on Western European integration. Paradoxically, Polish diplomats sometimes learnt about the independent actions of other socialist regimes from EEC representatives most notably Stefani, or other Western partners.³⁷³

The above confirms that Western European integration mattered for Poland, and, following the change in national strategy in 1971, its significance only increased. The expansion of the institutional apparatus developed to study the EEC reveals the importance attached to this matter. Although assessments of the integration varied, in the 1970s the Polish socialist elites did not doubt that the EEC would remain a permanent international actor. As a consequence, Poland pushed for a change in the non-recognition policy in the CMEA and in parallel aimed to secure its interest through bilateral agreements and participation in international organisations. The oft-overestimated progress of

³⁶⁹ AMSZ, Dep. IV, 20/79, w.12, 'Z rozmów Chrupka ze Stefanim /EWG/ I Collinsem /belgijskie MSZ/, 29 I 30.05. Dotyczy aktualnej sytuacji w EWG' (On Chrupek's talks with Stefani and Collins), Memo by Kociołek, 4 June 1974, 2.

³⁷⁰ AMSZ, Dep. IV, 20/79, w.11, Memo by Topa, 12 November 1974.

³⁷¹ Kansikas, *Socialist Countries Face*, 171-183.

³⁷² Romano, 'Untying Cold War knots'.

³⁷³ E.g. AMSZ, Dep. IV, 20/79, w.11, Telegram from Kociołek to Warsaw, 25 April 1974.

Western European integration resulted in the assumption that Poland needed to hurry in order to secure its situation in the future, and achieve as much as possible before the situation deteriorated. As in the case of the oil crisis, the Soviet Union, refusing to acknowledge the EEC's existence, failed to protect socialist regimes from external developments. From the Polish perspective, however, its change of attitude in 1974 was not necessarily beneficial. The experience of socialist cooperation when facing the EEC was disappointing, and given the attitude of the European Commission, national manoeuvring could bring more beneficial results.

3.4. The Conference on Security and Cooperation in Europe

Unlike the financial crisis and Western European integration, the Helsinki process was not an external development, but one in which Poland participated and actively shaped. Nevertheless, as recent literature has shown, the CSCE Final Act, despite not being legally binding, became a trap for socialist regimes.³⁷⁴ As demonstrated by Angela Romano, although that socialist side of Europe was equally engaged in the preparation conference works, it was the West, and most notably Western Europe, which had a critical influence over the Helsinki Accords.³⁷⁵ While long-term global and European developments proved the Western strategy successful, in the mid-1970s, Poland considered the CSCE a triumph of the socialist agenda. Indeed, as I argue in this section, the CSCE Final Act accommodated most of the demands of the Polish leadership ended up not including any principles Poland would fiercely oppose. Moreover, the political climate around the Multilateral Preparatory Talks (MPT), which took place between 1972 and 1975, created the ideal conditions for pursuing Poland's economic and political agenda, introduced after Gierek's arrival to power. As such, the Helsinki process multiplied Poland's contacts with the West and confirmed socialist elites' conviction concerning the stability of the international situation.

Poland was the first country to call for an international conference that would confirm the territorial status quo in Europe. Adam Rapacki, the minister of foreign affairs, presented this idea at the UN as early as 1964. He later promoted the idea in talks with Western diplomats and in meetings of Warsaw Pact members. As a result, in 1966 in Bucharest, the socialist regimes called for a European conference on security and cooperation. While this proposal remained unanswered, after the Budapest appeal in 1969, the West reacted positively to the idea. The prospect of the conference

³⁷⁴Sarah Snyder, *Human Rights Activism and the End of the Cold War. A Transnational History of the Helsinki Network* (Cambridge: Cambridge University Press, 2011); Daniel Thomas, *The Helsinki Effect. International Norms, Human Rights and the Demise of Communism* (Princeton: Princeton University Press, 2001).

³⁷⁵Romano, *From Détente in Europe*.

was itself a triumph of Polish diplomacy.

As an initiator of the conference on the socialist side, Poland quickly started conceptualising its objectives for the international talks. Three subsequent ministers of foreign affairs supervised reports on conference proposals: Rapacki, Jędrychowski, and Stefan Olszowski. They were assisted by experts from the Ministry of Foreign Affairs, including Bogusław Rychłowski, specialising in international relations and security, and Kamecki, specialising in international economic relations. However, the PISM also played an important role in shaping Poland's position. Academics and diplomats such as Marian Dobrosielski and Adam Daniel Rotfeld diligently observed the CSCE preparation, and participated in the concluding event. The former even became head of the Polish delegation during the follow-up Belgrade conference in 1977, replacing Adam Wilman, the Polish ambassador to Finland, who led the delegation during the MPT.

From the late 1960s, Poland started presenting its ideas during talks with other Warsaw Pact members, and above all with the Soviet Union. It was during the inter-bloc negotiations rather than during talks with Western states that many of Poland's proposals encountered objection. This included demands to use the conference for disarmament in Europe and to create a pan-European model of economic cooperation. The latter was especially important given the threat presented by the EEC and the need to regulate the relationship with it. Moscow blocked both of these proposals. Unlike Poland, it believed that military issues should be settled in bilateral talks between superpowers. Regarding economic cooperation, it considered a multilateral framework as granting too much economic independence to the socialist regimes.³⁷⁶ Polish ideas also faced the opposition of other Warsaw Pact members, most notably Romania, which showed a lack of interest in the coordination of foreign or economic policy with other socialist states.³⁷⁷

At the same time, the multilateral negotiation allowed Poland to gain the support of the socialist regimes for its core proposal, namely the inviolability of borders.³⁷⁸ Although the Treaty of Warsaw from 1970 and its ratification by Bundestag in 1972 largely accommodated this goal, Poland wanted to 'multilateralise rules and norms, which the Treaty between the People's Republic of Poland and the FRG from 1970 and other normalisation treaties between the socialist states and the FRG reached on bilateral levels'.³⁷⁹ Despite the lack of interest on the matter of socialist states being free of

³⁷⁶ Jarząbek, *Polska wobec Konferencji*, 95-6.

³⁷⁷ Elena Dragomir, 'The perceived threat of hegemonism in Romania during the second détente', *Cold War History* 12:1 (2012): 111-34.

³⁷⁸ Crump and Romano, 'Challenging the superpower straitjacket', 14-7.

³⁷⁹ AMSZ, DSiP, 3/82, w.2, 'Notatka informacyjna uchwały KBWE a utrwalenia stanu polityczno-terytorialnego w Europie', 8 March 1975 in Paweł Machcewicz (ed.), *Polskie Dokumenty Dyplomatyczne 1975* (Warszawa: Polski Instytut Spraw Międzynarodowych, 2010), 193.

territorial issues, the borders inviolability entered the socialist states joint objectives. The next step involved winning Western support and especially finding a compromise with the FRG, which did not want the CSCE Final Act to undermine the long-term possibility of German reunification. While the FRG advocated a formula allowing the change of borders according to the rule of national self-determination, Poland preferred the signatories to confirm they would not make territorial claims in the future. Eventually, a compromise was struck by accepting that frontiers could change but only ‘in accordance with international law, by peaceful means and by agreement’.³⁸⁰ Although Poland needed to compromise on the matter of wording, still, the First Basket of Helsinki Accords concerned with European security matched its principal objective set over ten years before. The final report from the conference referred to all of its provisions as: ‘non-containing elements, which could be considered inconvenient for Poland’s goals and interests’.³⁸¹

Another Polish objective concerned the institutionalisation of the conference. All the European socialist regimes initially supported this idea. However, after the MPT exposed the Western attachment to the principles of free movements of people and ideas, Soviet enthusiasm for the matter declined, and eventually Moscow removed that demand from the joint socialist CSCE proposal. Nevertheless, the idea of institutionalisation was also strongly supported by the neutral and non-aligned countries. Thanks to their advocacy and the unofficial diplomatic manoeuvrings of some of the socialist states, including Poland, the Helsinki Final Act announced a follow-up conference in Belgrade in 1977.³⁸² Additionally, the Second Basket of the Final Act, concerned with cooperation in the fields of economics, science and technology, and the environment, referred to the ECE as a multilateral forum responsible for implementing its decisions. Although Second Basket provisions had minor importance, as neither the Soviet Union nor the West regarded the CSCE as an adequate framework for regulating economic cooperation, reinvigorating the ECE corresponded to Poland’s strategy of counterweighing the EEC and institutionalising the CSCE achievements.³⁸³

The Third Basket of accords, concerned with cooperation in humanitarian and other fields, was the main challenge during the MPT. The crux of the disagreement was the different understandings

³⁸⁰Conference on Security and Co-operation in Europe Final Act (Helsinki, 1975), 4, <https://www.osce.org/files/f/documents/5/c/39501.pdf> (accessed: 30 October 2020); Jarząbek, ‘The impact of the German Question’, 151-6.

³⁸¹AMSZ, DSiP, 3/82, w.2, ‘Notatka informacyjna o końcowych wynikach II fazy KBWE’, Report by Dobrosielski, 24 July 1975, in Jarząbek, *Polska wobec Konferencji*, 254.

³⁸²Lachowski, ‘Diplomatic File- Polish Diplomacy and the CSCE’, 83-4.

³⁸³AMSZ, DSiP, 3/82, w.2, ‘Notatka informacyjna o końcowych wynikach’ in Jarząbek, *Polska wobec Konferencji*, 253.

of détente. While the socialist states considered it above all a form of cooperation between states, the West wanted to broaden the understandings through a ‘human dimension’. Specifically, they were interested in freer movement of people, ideas, and information. In the face of prolonged debates and Western resistance, the Warsaw Pact countries compromised on this issue. Eventually, the socialist regimes agreed to most of the Western proposal on humanitarian matters.³⁸⁴

However, Poland’s attitude towards what became the Third Basket was never as rigid as that of the Soviets. On the contrary, some Polish reports expressed enthusiasm for ‘spreading abroad knowledge about Poland’s achievements, presenting our cultural and scientific heritage’.³⁸⁵ Moreover, unlike Moscow, it initially advocated the broad idea of a conference and saw it as a chance to build European cooperation in many different fields. This became clear even after agreeing on the common socialist proposal when, during the MPT, Poland expressed interest in cooperation in the issues of education, school manuals, and translations.³⁸⁶ Although the welcoming attitude towards some ideas present in the Third Basket did not find reflection in Poland’s official statements, Western observers noticed it. As recalled by Luigi Vittorio Ferraris, from the Italian delegation:

The USSR continued to maintain her closed attitude, which was only supported energetically by Bulgaria and the German Democratic Republic, whilst other countries of the East did not, during informal contacts, conceal the pressure exerted by the USSR for her allies to abstain from any even minimal opening towards the Western working documents’.³⁸⁷

In his view, Poland and Hungary had the least rigid attitude towards the matter.³⁸⁸ Other participants of the conference, as well as the members of Poland’s delegation, confirmed this assesment.³⁸⁹

This approach was largely shaped by the fact that that the Polish delegation’s number one priority was security. For this reason, more flexibility in other topics was a necessary strategy. The open attitude of the Polish representatives supposedly also stemmed from the fact that alongside

³⁸⁴ Romano, *From Détente in Europe*, 47-52; Lachowski, ‘Diplomatic File- Polish Diplomacy and the CSCE’, 84-9;

³⁸⁵ AMSZ, DSiP, 3/82, w.2, ‘Notatka informacyjna’, in Jarzabek, *Polska wobec Konferencji*, 258.

³⁸⁶ Lachowski, ‘Diplomatic File- Polish Diplomacy and the CSCE’, 86.

³⁸⁷ Luigi Vittorio Ferraris (ed.), *Report on negotiation. Helsinki-Geneva-Helsinki 1972-1975* (Alphen aan den Rijn Sijthoff & NoordLoft, 1979), 309.

³⁸⁸ Ferraris (ed.), *Report on negotiation*, 302.

³⁸⁹ Jarzabek, ‘The impact of the German Question’, 155.

Hungary, Poland was the most liberal country among the Warsaw Pact and CMEA members. The changes of the 1970s brought significant liberalisation in the fields of culture and the passport policy. As a consequence, the 'human dimension' of détente did not clash as severely with Poland's domestic policy as it did with the policies of other socialist regimes. Moreover, the liberal segment among the socialist elites welcomed improvements in that field. Already in 1972, in an interview with the BBC, Rakowski claimed that 'Europe of peaceful coexistence, which excluded wars, must assume a closer exchange of people, ideas and information'.³⁹⁰

Szlachcic, one of Gierek's allies in the early 1970s, recalled the political climate among the socialist elites after signing the CSCE Final Act: 'Huge event, huge enthusiasm, as if the world revolved around us'.³⁹¹ In a similar manner, the results of the conference were presented to the public. Frelek in *Nowe Drogi* repeated his previous assumptions about the termination of the Cold War, and called Helsinki a 'momentous event'. He also declared it an achievement of the socialist bloc: 'Being the joint work of all participating countries, it is above all the success of socialist states, which initiated it and made a maximum effort for the historic meeting to take place'.³⁹² Other articles published after the conference contained a similar message. They stressed the confirmation of the territorial status quo in Europe, the triumph of the principle of peaceful coexistence, and the influence of the socialist regimes on the Helsinki Accords. Moreover, some authors, including Dobrosielski, discussed in detail not only the text of the CSCE Final Act but also the negotiations leading to it, including disagreements concerning the Third Basket. Although the question of its provisions tended to receive much less attention than agreements in other fields, there is no reason to suppose that its decisions were consciously hidden.³⁹³ The censorship regulations of 1975 did not prohibit referring to the Third Basket. On the contrary, they encouraged relying on the original text of the Final Act and

³⁹⁰ Rakowski, *Dzienniki 1972-1975*, 71.

³⁹¹ Grażyna Pomian (ed.), *Protokoły tzw. Komisji Grabskiego: tajne dokumenty PZPR* (Warszawa: Międzyzakładowa Struktura „Solidarność”, 1987), 36.

³⁹² Ryszard Frelek, 'Karta Pokoju w Europie', *Nowe Drogi* 9 (1975), 76-7.

³⁹³ Marian Dobrosielski, 'Konferencja Bezpieczeństwa i Współpracy w Europie', *Sprawy Międzynarodowe* 10 (1975), 7-23; Janusz Symonides, 'Deklaracja zasad stosunków międzypaństwowych KBWE', *Sprawy Międzynarodowe* 10 (1975), 24-49; Michał Dobroczyński, 'KBWE a międzynarodowe stosunki gospodarcze', *Sprawy Międzynarodowe* 10 (1975), 50-65; Jerzy M. Nowak, 'Kultura, oświata, informacja i kontakty a bezpieczeństwo i współpraca w Europie', *Sprawy Międzynarodowe* 10 (1975), 66-83; Adam Daniel Rotfeld, 'Kontynuacja bez instytucjonalizacji. Formy współpracy europejskiej po KBWE', *Sprawy Międzynarodowe* 10 (1975), 84-106; Bogumił Rychłowski and Janusz Symonides, 'Bezpieczeństwo i współpraca europejska a koncepcja pokojowego współistnienia', *Sprawy Międzynarodowe* 9 (1975), 7-20; Michał Dobroczyński, 'Ekonomiczne aspekty Konferencji Bezpieczeństwa i Współpracy w Europie', *Handel Zagraniczny* 9 (1975), 3-6.

avoiding undermining its importance by bringing up the fact that it was not legally binding.³⁹⁴

Apart from cementing détente with its Final Act, the CSCE, and the period preceding it, created the ideal conditions for strengthening bilateral relations with Western states. This diplomatic activity of high-profile officials had no precedent in Poland's socialist history. Thanks to his command of French and German, the first secretary, could himself put in action the diplomatic offensive. Gierek's visits to France in 1972, Belgium in 1973, and the US in 1974 were the clearest examples of the renewed approach. Similarly, Valéry Giscard d'Estaing, Nixon, and Gerald Ford visited Poland in this period. The agenda for the CSCE was one of the main topics discussed on these occasions.³⁹⁵ Moreover, the event itself offered an opportunity for talks between the politicians. During the Helsinki conference, Gierek met separately with Harold Wilson, the British prime minister and with Helmut Schmidt, chancellor of the FRG since 1974. The talk with the latter had particular importance as it resolved some of the most challenging issues in the Poland-FRG relationship, including the problem of family reunification for Germans who had been living in Poland since the end of the Second World War.³⁹⁶ Moreover, on this occasion, the FRG offered Poland a 1 billion deutsche marks (around 0.4 billion US dollars)³⁹⁷ credit line. The question of foreign loans and economic deals was discussed during high-profile meetings, which regularly resulted in such offers.

Polish historians labelled this diplomatic offensive as a 'diplomacy of prestige'³⁹⁸ or 'diplomacy of success'.³⁹⁹ This phrasing understates its role and suggests that it aimed mainly at strengthening the leadership image in the eyes of the public in Poland and abroad. In reality, these practices brought an enduring change in Poland's relations with the Western states, and the renewed international outlook only helped with that. For the first time since the Second World War, Poland had official, strong, and institutionalised bilateral relations with the majority of Western states. Reports from their embassies in Warsaw reveal how Poland's renewed image was interpreted as an invitation for closer

³⁹⁴Tomasz Strzyżewski (ed.), *Czarna księga cenzury PRL* (London: Aneks, 1977), 109.

³⁹⁵On Poland's diplomacy in the early 1970s: Skrzypek, *Dyplomatyczne dzieje PRL*, 188-302; Machcewicz, 'Materiały: Polityka Zagraniczna PRL'; Skrzypek, 'Dyplomacja sukcesu?'; Majewski, 'Polityka zagraniczna PRL'; Borodziej, 'Polityka zagraniczna Polskiej Rzeczypospolitej Ludowej'.

³⁹⁶Machcewicz, 'Materiały: Polityka Zagraniczna PRL', 124-5; Krzysztof Ruchniewicz, *Polskie zabiegi o odszkodowania niemieckie w latach 1944/45-1975* (Wrocław: Wydawnictwo Uniwersytetu Wrocławskiego, 2007): 253-63.

³⁹⁷I calculate values of ammounts in deutsche marks, francs, liras and pounds in dollars based on an average exchange rate in a given year. Werner Antweiler (ed.), *Pacific Exchange Rate Service. Foreign Currency Units per 1 U.S. Dollar, 1950-2018*, <http://fx.sauder.ubc.ca/etc/USDpages.pdf> (accessed: 30 December 2020).

³⁹⁸Machcewicz, 'Materiały: Polityka Zagraniczna PRL', 120.

³⁹⁹Skrzypek, 'Dyplomacja sukcesu?'.

political and economic contacts. The French ambassador to Poland, Augustin Jordan, in his final report from a mission in 1973, noted: 'Never, since the end of the last world conflict, was there a Polish leadership with a better attitude towards us. Thanks to their cooperation, we can secure a privileged position in all fields in this country, which after the Soviet Union is the most important one in Eastern Europe'.⁴⁰⁰ Much of this he attributed to Gierek, whom he described as: 'Open spirit, trained in the West, most probably a convinced communist but not formatted solely by the Soviet way'.⁴⁰¹ The British ambassador Frank Brenchley came to a similar conclusion and encouraged the Foreign Office to expand its relationship with Poland. He stressed that unlike other socialist regimes Poland, was 'a deserving cause' and that 'we can contribute to its independent stature and thus help it to give it immunity from Soviet interference'.⁴⁰² These remarks show that Poland's strategy of fashioning itself for the most liberal and open among the socialist regimes brought tangible results. The Western European states welcomed this attitude and were ready to reward it with closer political and economic cooperation.

The socialist elites recognised the CSCE as a success of Polish diplomacy and a particular chance to cement and strengthen East-West relations. In this sense, the Helsinki Accords confirmed the Polish national strategy and encouraged its continuation. While the beneficial results of the CSCE were enabled by socialist cooperation, and above all Soviet support for Poland's objectives, the run-up to Helsinki also revealed the downsides of strong socialist cohesion. Some of Poland's proposals did not enter conference negotiations because of inter-bloc opposition. Also, the contemporaneous flourishing of bilateral cooperation showed that distancing from the Soviet Union was an effective strategy for gaining Western sympathy.

3.5. Conclusion

As a consequence of a perfect storm, Poland increased its cooperation with the West much more than it had planned in 1971. According to official statistics, between 1970 and 1975, the trade volume with developed capitalist countries rose by 304 per cent. Also, in 1975, 28 per cent of the value of Poland's overall imports came from the EEC, and 18 per cent of its overall exports value was directed

⁴⁰⁰Dariusz Jarosz and Maria Pasztor (eds.), 'Archiwum: Raport końcowy Augustina Jordana, ambasadora Francji w Polsce z 6 listopada 1973', *Polski Przegląd Dyplomatyczny* 6:28 (2005): 128.

⁴⁰¹ Jarosz and Pasztor (eds.), 'Archiwum: Raport końcowy', 143.

⁴⁰²TNA, FCO 28/1939, 'Anglo-Polish relations', Report by Brenchley from Warsaw to London, 28 July 1972, 3.

to the EEC.⁴⁰³ In all likelihood, these numbers were even higher. Many policymakers from the 1970s recall a massive manipulation of statistics.⁴⁰⁴ In the 1990s, Gierek himself admitted that in the mid-1970s, the fact that Poland's exchange with the West was overtaking its exchange with socialist regimes was deliberately concealed.⁴⁰⁵

Other numbers further confirm the drastic increase in exchange with capitalist countries. Taking advantage of beneficial financial and political conditions and fearing the reversal of economic trade and the coordination of credit policy among EEC members, Poland raised its foreign debt tenfold in the first half of the 1970s. In 1976, foreign debt reached 11 billion US dollars, which was over 4 times more than the policymakers had assumed in 1971.⁴⁰⁶ Similarly, aiming at securing its economic ties for the future, Poland concluded numerous new cooperation agreements with capitalist countries. Between 1970 and 1976, the country's expenditures for this purpose increased six-fold.⁴⁰⁷

Additionally, as a consequence of the oil crisis, Poland's natural resources trade turned increasingly towards the West. While, in 1970, imports from developed capitalist countries amounted to 5 per cent of the overall value of Polish imports of resources, in 1975 they reached 27 per cent. This increase was caused above all by oil, which until 1972 was imported exclusively from the Soviet Union.⁴⁰⁸ Similarly, between 1970 and 1975, export of Polish resources towards the West rose from 42 per cent of overall value to 55 per cent.⁴⁰⁹

The acceleration of the national strategy as a response to changes in international circumstances shows the proactive and ambitious character of policymaking in the 1970s. Moreover, the idea that Poland could successfully take advantage of financial and resources crises as well as resulting tensions between Western states indicates that the attitude of the socialist elites was not only bold but also cunning.

However, as is apparent especially in the cases of the financial crisis and Western European integration, interpreting development in the West was not an easy task, and experts and analytics from state bodies failed to reach an agreement about it. As such, events in the West made the political and economic future particularly difficult to predict. This blurry picture, combined with significant

⁴⁰³Calculated based on: *Rocznik Statystyczny 1976* (Warszawa: Główny Urząd Statystyczny, 1976), 340.

⁴⁰⁴Rakowski, *Dzienniki 1979-1981*, 30; Zbigniew Karcz, *Zadłużenie zagraniczne Polski*, 35.

⁴⁰⁵ Gierek and Rolicki, *Przerwana dekada*, 84

⁴⁰⁶*Economic Survey of Europe in 1991-1992*, 322.

⁴⁰⁷Calculated based on: AAN, URM 290, 5.4/135, 'Wyniki prac międzyresortowego zespołu do spraw rozwoju produkcji kooperacyjnej w przemyśle w celu racjonalizacji importu' (On industrial cooperation), Report by interdepartmental team for government, 18 February 1977, 8.

⁴⁰⁸Barbara Skórkowska, 'Zmiany na światowych rynkach paliwowo-energetycznych i ich wpływ na polskie obroty nośnikami energii', *Acta Universitatis Lodzensis. Folia Oeconomica* 35 (1984): 68.

⁴⁰⁹Calculated based on: *Rocznik statystyczny handlu zagranicznego 1981* (Warszawa: Główny Urząd Statystyczny, 1981), 6-8.

achievement in strengthening and officialising the relationship with Western states, allowed the positive perspective to prevail.

The emergence of previously unknown phenomena in international economic and political relations such as the global financial crisis and supranational integration had another effect on Poland. It resulted in the need to mobilise experts to study international developments and regularly provide policymakers with reports. In the 1970s, topics of critical importance, including Poland's relationship with the EEC and its shaping of the CSCE Final Act, were handled by professionals and academics who had not pursued careers within PUWP structures.

Finally, the global financial crisis and increasing multilateralisation of international politics placed Poland in a delicate position. On the one hand, close cooperation with the socialist regimes often proved rewarding, as in the case of the CSCE talks. It may also have strengthened Poland's position in negotiations with the EEC. On the other hand, it strongly limited its room for independent manoeuvre and, especially since 1975, threatened its economic interests.

4. Keeping the status quo, 1976-80

4.1. Introduction

The strategy that was introduced in the early 1970s and accelerated by beneficial international circumstances initially brought tangible effects. Improved quality of life, economic growth, domestic stability, and a honeymoon in its relationship with the West made this period a ‘belle époque’ of the Polish socialist history.⁴¹⁰ However, developments during second half of the decade threatened these fruits of Gierek’s agenda. In this chapter, I look at how the socialist elites, and above all the leadership, reacted to this reversal of beneficial trends.

According to conventional interpretations, in the late 1970s, Polish policymakers were squeezed between different external and internal pressures that determined their choices. This assumption is largely correct. Not only the Soviet Union but also Western actors acquired a more significant role in influencing political decisions in Poland, and the emergence of dissident groups as well as divisions among the socialist elites further narrowed the leadership’s room for independent manoeuvre. However, in responding to these pressures, the Polish leadership made a conscious choice in the name of defending the gains of the early 1970s and maintaining the status quo.

In the first two sections, I discuss this overarching status quo strategy in relation to the domestic political situation and economy. In both cases, I present the shift of circumstances, the leadership’s restrained reaction to them, the motivations for this response, and the alternatives to it advocated by different groups of the socialist elites. In the third section, I explain why the leadership wanted to maintain good relations with both the Soviet Union and the West, and hence fought to keep détente alive. In the final section, I zoom in on the developments of 1979 and 1980, which put an end to the 1970s agenda and left the socialist regime bankrupt, internally divided, and facing the biggest civil society movement in its history. I argue that the scale of the 1980 turmoil had its origins in the status quo strategy of the second half of the 1970s.

⁴¹⁰ Paczkowski, *The Spring Will be Ours*, 351.

4.2. Domestic politics

From the perspective of the mid-1970s, Gierek's agenda was a tremendous success. The 1971-5 Five Year Plan improved the accessibility of consumer goods, including apartments, secured the rise of wages and social benefits, and developed previously neglected cultural features, such as tourism.⁴¹¹ In February 1975, a survey conducted by the Public Opinion Research Centre (Ośrodek Badania Opinii Publicznej, OBOP) revealed that 84 per cent of Poles believed that their quality of life was higher than three years before.⁴¹² This satisfaction with domestic policy undergirded the rising support for the PUWP. Between 1970 and 1980, it acquired roughly 800,000 new members, reaching its maximum size, involving around 12 per cent of the Polish population.⁴¹³

Even opposition-minded intellectuals offered the leadership a certain degree of trust. Welcoming cultural liberalisation and renewed passport policy, which enabled travel to the West, they renounced attempts to challenge the PUWP's monopoly for power. In late 1975, on the occasion of the revision of the Polish constitution, the first significant activation of opposition-minded intelligence took place. In the 'Letter of 59', it opposed proposed changes, especially the clause concerning the timeless alliance with the Soviet Union. Although in early 1976 this letter gathered even more signatures and inspired similar ones, for example by the Polish Bishop's Conference, the leadership ignored these voices and proceeded with its initial plans.⁴¹⁴

As this incident, as well as small strikes which erupted in the first half of the 1970s, were treated as isolated events, in the mid-1970, the leadership could still assume it had public support. According to testimonies from this decade, such popularity made Gierek hope that Poles would accept the long-delayed rise of prices for basic foodstuffs, most notably meat.⁴¹⁵ From an economic perspective, such a decision was necessary, and it had entered leadership debates already a few times in the first half of the decade. Fixed prices combined with rising wages, which increased by around a half between 1970 and 1976, became impossible to sustain and resulted in repeated shortages of products. However, having in mind the experience of December 1970, the leadership postponed price reform for as long

⁴¹¹ Marcin Zaremba, "Bigosowy socjalizm". Dekada Gierka', in Grzegorz Miernik (ed.), *Polacy wobec PRL. Strategie przystosowawcze* (Kielce: Kieleckie Towarzystwo Naukowe, 2003), 183-200.

⁴¹² Archiwum Ośrodka Badań Opinii Publicznej, 16, K. 31/072/95, 'Oceny zmiany sytuacji materialnej i przewidywania na przyszłość', October 1975 cited after: Paweł Sasanka, *Czerwiec 1976. Geneza, przebieg, konsekwencje* (Warszawa: Instytut Pamięci Narodowej, 2006), 56.

⁴¹³ Paczkowski, *The spring will be ours*, 364.

⁴¹⁴ Andrzej Friszke, 'Protesty przeciwko poprawkom do konstytucji w 1976 r.', *Więź* 10 (1994), 212-28.

⁴¹⁵ Tejhma, *Kulisy dymisji*, 211.

as possible. As framed by Józef Tejchma, a Politburo member and a vice prime minister: ‘We make hints, we circle around [...] and we look each other in the faces with fear [...] Someone has to say this lousy phrase: an increase in the price of meat’.⁴¹⁶

During the PUWP Plenum in late 1975, Gierek suggested these plans. Later, in early June 1976, the decision was communicated to the regional PUWP leaders and the security service was alerted to the possibility of domestic upheavals.⁴¹⁷ Eventually, Jaroszewicz announced the new prices on the 24 June. The rise was much more significant than in December 1970, included many types of alimentary products, and amounted to 30-100 per cent. This decision sparked protests involving around 70,000-80,000 people across the country. The most severe riots took place in Radom and Ursus, where the policy brutally suppressed the demonstrations. However, following the Politburo recommendations, the police were unarmed, and paramilitary forces were applied only after the demonstrators had set fire to the PUWP headquarters in Radom. After the fading out of the protests, some of its participants faced punishments, including lay-offs and imprisonment. Additionally, the media launched an orchestrated campaign against them. At the same time, already on the 26 June, Gierek and his closest allies from the Politburo, who at the time were Jaroszewicz, Szydlak, and Edward Babiuch, decided to cancel the increase of prices, while planning to implement it in the future.⁴¹⁸

The unreformed prices allowed negative trends in domestic supply to deepen. In July 1976, the government introduced the rationing of sugar, a means unseen in socialist Poland since 1953. Moreover, fixed prices for goods such as bread resulted in their massive waste. At the same time, other goods, most notably meat, were chronically in shortage. The troubles with provision became a principal factor for rising social discontent. According to a study by OBOP, only 35 per cent of citizens were optimistic about the future and expected an improvement in quality of life in the second half of 1976. After 1977 and 1978, when this sentiment was shared by around half of the population, it shrank again, reaching 32 percent in the first half of 1980. This situation was a substantial departure from 1971, when 87 per cent of Poles were optimists about their future.⁴¹⁹

Despite initial plans, from 1976, Gierek’s leadership did not reattempt to introduce price reform. Instead, it relied on small-scale and hidden measures, such as establishing ‘commercial shops’ that

⁴¹⁶ Tejchma, *Kulisy dymisji*, 110.

⁴¹⁷ Sasanka, *Czerwiec 1976*, 85-168.

⁴¹⁸ Sasanka, *Czerwiec 1976*, 169-261.

⁴¹⁹ Chart II based on OBOP studies 1971-1980 in Marcin Zaremba, ‘Zimno, ciepło, gorąco. Nastroje Polaków od “zimny stulecia” do lata 1980’, in Andrzej Friszke, Krzysztof Persak and Paweł Sowiński (eds.), *“Solidarność” od wewnątrz 1980-1981* (Warszawa: Instytut Pamięci Narodowej, Instytut Studiów Politycznych Polskiej Akademii Nauk, 2013), 17.

offered better-quality products for higher prices. The goal of maintaining domestic stability and leadership popularity underlay this reluctance to introduce a radical reform. However, it was also related to the Soviet Union. Before June 1976, Alexei Kosygin, Soviet prime minister, advised Jaroszewicz against changing prices.⁴²⁰ Later, Brezhnev strongly criticised Gierek for going ahead with the reform, allegedly claiming: 'No more attempts at rising prices. This is not our advice, this is our position'.⁴²¹ From the Soviet perspective, domestic unrest in Poland was dangerous for the whole socialist bloc.⁴²²

Maintaining the domestic status quo also concerned the composition of the leadership. Although unsuccessful price reform created circumstances for personal replacements, none of the influential officials lost their position due to the 1976 events. This choice was surprising, especially in the case of Jaroszewicz, who as the main person responsible for economic policy, personally announced the increase in prices. According to testimonies from this decade, the prime minister himself wanted to step down from office, but Gierek rejected his resignation.⁴²³ Since 1976, speculation concerning candidates for Jaroszewicz's replacement entered unofficial debates among the socialist elites.⁴²⁴ His position epitomised the entire leadership situation, which became unstable after failing to execute price reform. The second half of the decade witnessed the rise of new persons and agendas, which threatened Gierek and his allies. As a consequence, they became increasingly isolated from broader groups of the socialist elites.⁴²⁵ This evolution of policymaking, which privileged close and reliable officials, explains why the first secretary insisted on holding onto Jaroszewicz. The takeover of the prime minister's position by Babiuch eventually occurred in early 1980, a few months before the entire leadership's dismissal. Only in the face of the increasingly evident crisis did Gierek risk departing from the status quo.

The events of June 1976 also resulted in an unprecedented consolidation of opposition-minded intellectuals. Aiming to offer legal and financial support to the repressed workers participating in events in Radom and Ursus, dissidents active already on the occasion of March 1968 and 'Letter of 59', established the Workers' Defence Committee (Komitet Obrony Robotników, KOR) in

⁴²⁰ Skrzypek, *Dyplomatyczne dzieje PRL*, 260-1.

⁴²¹ Andrzej Werblan, 'Zahamowana podwyżka', *Przegląd Tygodniowy* 33 (1996) cited after: Sasanka, *Czerwiec 1976*, 124.

⁴²² Kostikow and Roliński, *Widziane z Kremla*, 184; Tejchma, *Kulisy dymisji*, 216.

⁴²³ Barcikowski, *U szczytów władzy*, 95; Jaroszewicz and Roliński, *Przerywam milczenie...*, 221.

⁴²⁴ Rakowski, *Dzienniki 1976-1978*, 320 and 436.

⁴²⁵ Rakowski, *Dzienniki 1976-1978*, 391.

September 1976. This group, formed around renowned academics, included individuals from different professions and backgrounds, from Catholic activists to people who had previously held membership in the PUWP, such as Jacek Kuroń.⁴²⁶ The following years witnessed the increasing activity of this group and the rise of many other initiatives. These included, for example, the Movement for Defence of Human and Civic Rights (Ruch Obrony Praw Człowieka i Obywatela), established in 1977, and as opposed to KOR, representing more right-wing views, and the Free Trade Unions of the Coast (Wolne Związki Zawodowe Wybrzeża), organised by workers in Gdańsk. In the 1970s, dissident organisations grew more diversified and conducted more activities. They became a permanent feature of the Polish political landscape.⁴²⁷

The leadership's response to the emergence of these new actors was restrained. While dissidents faced individual harassment, including lay-offs, short-term imprisonment, apartment searches or denial of passports, neither KOR nor other organisations were decisively suppressed.⁴²⁸ The PUWP leadership also maintained positive relations with the Catholic Church, and, in 1977, Gierek was the first PUWP first secretary to meet with the Pope. Although Rakowski noted in his journals that since 1976, the censorship restrictions had become more severe, in the spirit of overall status quo strategy, Poland remained the most culturally liberal country among the CMEA and Warsaw Pact members.⁴²⁹

According to memoirs of policymakers from the 1970s, this attitude demonstrated their peaceful and pro-democratic attitude. In the 1990s, Gierek claimed that after December 1970 he had promised himself that Poland 'would not be a repressive state, that it needs to be a state of law and order, that people would not be beaten on the streets'.⁴³⁰ Polish historians usually ridicule these claims and argue

⁴²⁶Jan Józef Lipski, *KOR. A History of the Workers' Defense Committee in Poland, 1976-1981* (Berkeley: University of California Press, 1985); Robert Zuzowski, *Political Dissent and Opposition in Poland: The Workers' Defence Committee "KOR"* (Westport, CT: Praeger Publishers, 1992); Jan Skórzyński, *Siła bezsilnych. Historia Komitetu Obrony Robotników* (Warszawa: Świat Książki, 2012); Andrzej Friszke, *Czas KORU-u. Jacek Kuroń a geneza Solidarności* (Warszawa: Europejskie Centrum Solidarności, Instytut Studiów Politycznych PAN, Społeczny Instytut Wydawniczy Znak, 2011).

⁴²⁷The literature on dissidents is immense. E.g.: Wojciech Polak, Jakub Kufel and Przemysław Ruchlewski (eds.), *Opozycja demokratyczna w PRL w latach 1976-1981* (Gdańsk: Europejskie Centrum Solidarności, 2012); Siobhan Doucette, *Books are weapons: the Polish opposition press and the overthrow of communism* (Pittsburgh: University of Pittsburgh Press, 2017); Andrzej Friszke, *Opozycja polityczna w PRL 1945-1980* (Londyn: Aneks, 1994);

⁴²⁸Jerzy Eisler, 'Edward Gierek wobec opozycji demokratycznej', in Wojciech Polak, Jakub Kufel and Przemysław Ruchlewski (eds.), *Opozycja demokratyczna w PRL w latach 1976-1981* (Gdańsk: Europejskie Centrum Solidarności, 2012), 10-31.

⁴²⁹Rakowski, *Dzienniki 1976-1978*, 67.

⁴³⁰Gierek and Rolicki, *Replika (wywiad rzeka)*, 160.

that this attitude was conditioned by the need to save relations with the West.⁴³¹ Indeed, dissidents such as Kuroń and Michnik, also KOR members, became internationally known and acquired the support of different actors on the West, including intellectuals and the Italian Communist Party.⁴³² Their activity conformed with the human rights campaign initiated in 1976 by the new US president, Jimmy Carter. The provisions of the Third Basket of the CSCE Final Act became a main topic raised by the West during the Belgrade follow-up conference, which took place between October 1977 and March 1978. During the conference preparatory talks, on 22 July 1977, Gierek announced an amnesty for protestors at Radom and Ursus. This decision, as well as a non-radical approach towards dissidents, aimed to save the liberal image of the Polish leadership in the eyes of Western observers and the Polish public.⁴³³

In comparison with previous practices in Poland and other socialist regimes, this strategy of dealing with dissidents was unusual. In Gomułka's years, opponents of the leadership were immediately silenced. Moreover, the signatories of Charter 77 in Czechoslovakia faced more severe harassment than Polish dissidents, including long-term imprisonment. In this context, unsurprisingly, the events of June 1976 triggered not only the activation of opposition-minded intellectuals but also of the dogmatic wing of the PUWP. Following the establishment of KOR, lower-ranking PUWP members issued the 'Letter of 2000' to the Central Committee, in which they fiercely criticised dissidents as well as the leadership for its inability to control the political situation. Later, in December 1978, during the 13th PUWP Plenum, Tadeusz Grabski, the regional first secretary, attacked the leadership on similar grounds. Soon after, he lost his position. While this open challenge to the political line arrived from the lower echelons of the PUWP elites, some members of the Politburo sympathised with them. This was the case of Stefan Olszowski, minister of foreign affairs since 1971, who represented a hard line and criticised Gierek's softer attitude. Because of his rising influence and clashes with the first secretary, Stefan Olszowski lost his positions first in the government in 1976,

⁴³¹ E.g. Friszke, *Czas KORU-u*, 237.

⁴³² Robert Brier, 'Broadening the Cultural History of the Cold War: The Emergence of the Polish Workers' Defense Committee and the Rise of Human Rights', *Journal of Cold War Studies* 15:4 (2013), 104-27; Kacper Szulecki, *Dissidents in Communist Central Europe: Human Rights and the Emergence of New Transnational Actors* (London: Palgrave Macmillan, 2019), 119-44; Bent Boel, 'Transnationalisme social-démocrate et dissidents de l'Est pendant la guerre froide', *Vingtième Siècle. Revue d'histoire* 109 (2011): 169-81.

⁴³³ Wanda Jarząbek, 'An Escalating Problem: The People's Republic of Poland and Human Rights in the CSCE Process, 1975-1983', in Robert Brier (ed.), *Entangled Protest: Transnational Approaches to the History of Dissent in Eastern Europe and the Soviet Union* (Osnabrück: Fibre 2013), 129-50; Wanda Jarząbek, 'Od Helisnek do Belgradu- Władze PRL a problematyka trzeciego koszyka KBWE w latach 1975-1978', in Krzysztof Ruchniewicz, Bożena Szaynok, and Jakub Tyszkiewicz (eds.), *W Dekadzie Gierka* (Toruń: Wydawnictwo Adam Marszałek, 2010), 118-34.

and later also in the Politburo in 1980. Stanisław Kania, also an influential Politburo member, reportedly had advocated a tougher approach towards dissidents.⁴³⁴ Being responsible for the security apparatus, he personally handled this matter. According to Gierek's biographer and friend, Janusz Rolicki, the security services aimed to challenge the leadership's softer line by orchestrating provocations. He suggested that the murder of Stanisław Pyjas, a student and KOR member, by the security services in May 1977, the most tragic event in the late 1970s history of the Polish dissidence, was carried out without Gierek's knowledge.⁴³⁵ On the other hand, Kania regularly assured the rest of the leadership about the weakness of the opposition, thereby supporting the existing strategy. As such, the role and views of Kania remain unclear. Clearly, however, the leadership's approach toward dissidents raised objections at all levels of the PUWP structures.⁴³⁶

Moreover, this softer strategy did not receive Moscow's support. Throughout the late 1970s, Soviet officials regularly criticised how the Polish leadership dealt with 'antisocialist opposition'. They also pointed out other ideologically problematic features of the Polish socialist regimes, including the role of the Catholic Church and the lack of collectivisation.⁴³⁷ Concern of contagion was also raised in other socialist regimes, which did not wish to see the situation spread. Gierek and other members of the leadership regularly assured their interlocutors that they had everything under control.⁴³⁸

Due to the position of the PUWP's dogmatic wing, the Soviet Union, and the other socialist regimes, an even softer line with dissidents – which might have been desired by the liberal representatives of the socialist elites, such as Rakowski – was out of the question.⁴³⁹ Despite the picture created by the Ministry of Interior, which referred to dissidents as 'antisocialist'⁴⁴⁰, most of the demands raised by the dissident organisation in the late 1970s were not radical. KOR's demands included respect for human rights, the rule of law, and gradual reforms.⁴⁴¹ Moreover, some groups

⁴³⁴ Gasztold, *Towarzysze z betonu*, 63-8.

⁴³⁵ Rolicki, *Edward Gierek*, 277 cited after: Eisler, 'Edward Gierek wobec opozycji', 29.

⁴³⁶ Gasztold, *Towarzysze z betonu*, 63-78.

⁴³⁷ Gierek, *Smak życia: Pamiętniki*, 172; Rakowski, *Dzienniki 1976-1978*, 385-6.

⁴³⁸ E.g. AAN, KC PZPR 1354, V/141, 'Informacja o przyjacielskim spotkaniu I Sekretarza KC PZPR tow. E. Gierka i Sekretarza Generalnego KC SED, tow. Ericha Honeckera' (On Gierek's meeting with Honecker), Memo for Politburo, 28 February 1977, 3.

⁴³⁹ Rakowski, *Dzienniki 1976-1978*, 299.

⁴⁴⁰ AAN, URM 290, KT 113/5, 'Informacja dot. Stanu rozpoznania zagrożeń bezpieczeństwa wewnętrznego kraju w miesiącu grudniu 1978 r.' (On domestic security) Memo by Ministry of Interior for government, 8 January 1979, 1.

⁴⁴¹ Jan Skórzyński, 'KOR- od Czerwca 76' do Sierpnia 80', in Wojciech Polak, Jakub Kufel and Przemysław Ruchlewski (eds.), *Opozycja demokratyczna w PRL w latach 1976-1981* (Gdańsk: Europejskie Centrum Solidarności, 2012), 37-8.

labelled as dissidents involved representatives of the socialist elites. This was especially the case of the independent discussion club 'Experience and Future' (Doświadczenie i Przyszłość). This group, established in 1978 by Stefan Bratkowski, a PUWP member and former editor in chief of *Życie i nowocześnieść*, attracted a wide range of people: dissidents, Catholic Church activists, and current and ex-PUWP elites. Even figures such as Rakowski participated in some sessions.⁴⁴² In 1979, this discussion group published a report based on a survey conducted among 50 respondents from academic circles. The document affirmed Poland's alliance with the Soviet Union and confirmed the leading role of the PUWP. At the same time, it offered proposals for economic and political reform.⁴⁴³ In light of moderate proposals arriving from some dissidents' groups, as well as their composition, a form of dialogue between them and the leadership does not appear unimaginable.

The events of 1976 marked the end of the positive trends of the first half of the decade. They set in motion processes which characterised Gierek's later years in office: worsening provision, rising social discontent, and emerging democratic opposition. The leadership's response to these processes was to maintain continuity and forestall uncontrolled radical developments. However, the change of circumstances revealed strong divisions among the socialist elites, who offered alternative strategies of handling political changes. The path chosen by the leadership was a middle ground between different views present among the socialist elites and a means of respecting pressure from the Soviet Union and other socialist regimes while keeping relations with the West intact. From this perspective, the strategy of upholding the status quo domestically aimed also at preserving the unity of the socialist elites and détente. Maintaining continuity in all these fields also was necessary to counteract the deteriorating economic situation.

4.3. Economic decline

The 1971-5 Five Year Plan brought almost 11 per cent economic growth, which was even more than assumed in 1971. This success cemented the strategy introduced in the early 1970s. Although the new plan from 1976-80 acknowledged the risk behind this continuity and recommended 'relying less on the foreign credits' and maintaining the balance of payments, it still foresaw an improvement

⁴⁴² Rakowski, *Dzienniki 1976-1978*, 427-8.

⁴⁴³ Konserwatorium 'Doświadczenie i Przyszłość', *Raport o stanie Rzeczypospolitej i drogach jej naprawy*, 8 June 1979, 98, <http://www.dlibra.karta.org.pl/dlibra/doccontent?id=3978> (accessed: 7 December 2020).

in quality of life and fast economic growth.⁴⁴⁴ The expected ‘investment harvest’, emerging from the launch of production in many plants constructed in the first half of the decade, was supposed to enable these plans.⁴⁴⁵

Not everyone among the socialist elites shared these optimistic assumptions. Objections were expressed already in the early 1970s and arrived from three groups among these elites: experts, the Ministry of Finance and banks it supervised, as well as military and security services. In the case of experts, concerns were related above all to the lack of systemic reforms. Apart from introducing WOGs, which significantly strengthened the role of industries, the work of the Commission for the Modernisation of the Economy and State Functioning did not bring any significant systemic changes. Although the body formally existed until the late 1970s, after the first years of the decade its role diminished. However, throughout the entire decade, experts on the pages of academic journals and popular press continued to signal that the lack of systemic reforms might imperil the entire national strategy.⁴⁴⁶ Already in late 1972, Rurarz, Gierek’s advisor, resigned from his position and transferred back to the Ministry of Foreign Affairs. In his own assessment, this change also was inspired by disagreement over the economic choices made by the leadership, including lack of systemic reforms.⁴⁴⁷ The Ministry of Finance and the banks, for their part, were mainly concerned about the unforeseen rise of indebtedness and the repeated abuse of plans. Stefan Jędrychowski, the minister of finance, relying on reports from banks, often criticised the unplanned expenditures, which brought him into a conflict with Gierek and Jaroszewicz and resulted in his removal from the government.⁴⁴⁸ While independent and state experts blamed some aspects on the 1971 agenda, they did not dismiss the idea of broadening cooperation with the West. In the first half of the 1970s, the only voices expressing such a general critique came from the military and security services. As mentioned above, the Ministry of Defence warned against the positive depiction of the EEC, which it considered an economic extension of NATO.⁴⁴⁹ In 1973, Franciszek Szlachcic, minister of interior and one of Gierek’s closest Politburo allies in the early years of the decade, warned that the political line might

⁴⁴⁴AAN, KC PZPR 1354, V/131, ‘Podstawowe założenia społeczno-gospodarczego rozwoju’, 17.

⁴⁴⁵Bożyk, *Marzenia i rzeczywistość*, 101.

⁴⁴⁶E.g. Leszek Balcerowicz, ‘Handel zagraniczny a postęp techniczny’, *Handel Zagraniczny* 9 (1972).

⁴⁴⁷Rurarz, *Byłem doradcą Gierka*, 84.

⁴⁴⁸Bień, *Jak doszło do zadłużenia*, 18-24; Rurarz, *Byłem doradcą Gierka*, 75.

⁴⁴⁹AMSZ, Dep. IV, 46/77, w.10, ‘Notatka informacyjna dotycząca militarnych aspektów funkcjonowania EWG’ (On military aspects of the EEC), Memo by Ministry of Defence for Ministry of Foreign Affairs, 2 April 1972.

result in 'slithering towards the West'.⁴⁵⁰ Shortly thereafter, he lost his place in decision-making bodies. While in Szlachcic's view this resulted from profound differences of opinion, according to Polish historians, it was rather caused by his rising influence, which threatened Gierek's position.⁴⁵¹ In any case, by the mid-1970s, all the most outspokenly sceptical officials had been eliminated from the leadership circle.

These isolated concerns became salient only after the events of June 1976. The need to keep prices stable was a difficult hurdle for Poland's economy. Moreover, in 1975 the weather conditions drastically deteriorated, which resulted in the need to import grain and other agriculture products. Saving of hard-currency became critical in light of the shortages on domestic markets and circumstances in which, as framed by Jaroszewicz: 'we do not know what we will find on the fields'.⁴⁵² On such unexpected occasions, Poland had to rely on expensive medium- and short-term credits. Additionally, predictions of worsening financing conditions in the West materialised. To counteract the rising inflation, the Western states increased interest rates for loans. Moreover, in May 1974, EEC members informally coordinated the terms of their credits offered to socialist regimes.⁴⁵³ Incurring more debt was becoming not only increasingly risky, but costlier as well.

'The continuation of the socio-economic strategy of Poland's development introduced at the 6th Congress of the PUWP is impossible /without increasing prices/'. Thus concluded a report prepared by Bożyk, Gierek's advisor between 1973-80, after the events of June 1976. The author insisted that 'if the indispensable changes are not implemented now, we will have to do it in half a year or a year, paying a much higher political price'. The document identified the principal problems of Poland's economy: domestic market instability, massive and constantly increasing imports from the West, insufficient export revenues, and dangerous foreign indebtedness. Already in 1976, debt instalments consumed 44 per cent of export revenues, and the report foresaw that this would amount to 55 percent in 1977, 60-65 percent in 1978, and, by the end of the decade, would consume the entire body of export revenues. The proposed means of counteracting the crisis involved improving the balance of payments and increasing central control.⁴⁵⁴ These recommendations became a basis for the 'economic manoeuvre' introduced to the Five Year Plan in December 1976. But the proposals were neither radical nor easy to execute.

⁴⁵⁰AAN, KC PZPR 1354, V/110, 'Skrót wypowiedzi F. Szlachcica na posiedzeniu Biura Politycznego' (Szlachcic's speech during the politburo meeting), 11 December 1972, 2-3.

⁴⁵¹Pomian (ed.), *Protokoły tzw. Komisji Grabskiego*, 35; Sasanka, *Czerwiec 1976*, 59-64.

⁴⁵²AAN, URM 290, 5.4/135, 'Zapis przebiegu obrad posiedzenia Prezydium Rządu' (Minutes from Presidium of Government meeting), 18 February 1977, 42.

⁴⁵³AMSZ, Dep. IV, 20/79 w.12, Stefański from Brussels to Warsaw, 7 May 1974.

⁴⁵⁴AAN, KC PZPR 1354, XIA/486, 'Możliwości i warunki kontynuacji strategii dynamicznego rozwoju Polski w latach 1977-1980' (On strategy of dynamic development), Report by Bożyk for Gierek, 20 October 1976.

According to Bożyk, imports were the principal disease of Poland's economy. As the author stated in his report: 'Between 1971 and 1975, imports almost doubled [...]. Poland moved from one of the last places worldwide in terms of imports to one of the first'. He further noted that 'the rise of imports took place almost exclusively because of the rise of imports from the capitalist countries'. This phenomenon was above all associated with investments from the first half of the decade, which caused 'the increasing demand for machines'.⁴⁵⁵ As a consequence, the industries and the ministries representing them, became a primary target of 'economic manoeuvre'. Between 1977 and 1980, the government annually tightened budgets for each industry.⁴⁵⁶ That caused discontent in the industrial ministries and transformed every meeting of the Presidium of Government into a 'planning auction', where each ministry tried to push through higher limits of hard-currency.⁴⁵⁷ These attempts were often successful, and, according to Polish studies from the 1980s, became the critical reason for the continuation of the economic strategy, despite signs of upcoming crisis.⁴⁵⁸

All the reports from the second half of the 1970s insisted on reinvigorating exports. Already in 1976, Bożyk had stressed that despite assumptions from the early 1970s, pro-export production was not sufficiently developed. He recommended using all accessible reserves to increase goods eligible for export, and launching new investments only if they contributed to this goal or supported the domestic market.⁴⁵⁹ By this means, and by relying on the concept of an 'investment with a quick return', namely, one that would be completed within a year, industrial ministries often pushed through new investments, despite the general recommendation against them.

Another problem with export, identified already in 1976 as a general phenomenon, was the low quality of Polish products. The objective of improvement in this field, repeated throughout the second half of the decade, brought few results. Raising quality often demanded modernisation and additional imports from the West, and thus became an explanation for these practices. As framed by the minister of foreign trade, Jerzy Olszewski, in 1979: 'The most important thing are goods [...] even in this international situation, with these recessions and restrictions, we could commit to completing our

⁴⁵⁵AAN, KC PZPR 1354, XIA/486, 'Możliwości i warunki'.

⁴⁵⁶E.g. AAN, KC PZPR 1354, V/155, 'Główne założenia projektu budżetu państwa na rok 1980' (On budget for 1980), Report by Ministry of Finance for Politburo, 23 November 1979.

⁴⁵⁷Balcerowicz, *Przetarg planistyczny*.

⁴⁵⁸Bojarski and Bugaj, *Kryzys gospodarki polskiej*; Kuczyński, *Po wielkim skoku*; Bożyk, *Marzenia i rzeczywistość*; Kotowicz-Jawor, *Presja inwestycyjna*.

⁴⁵⁹AAN, KC PZPR 1354, XIA/486, 'Możliwości i warunki', 33.

export plans and even exceed them, but we have to have goods to export'.⁴⁶⁰

The parallel need for increasing exports and maintaining domestic supply regularly put the government in the dilemma of where to direct Poland's production. Trying to maintain a balance between the two, policymakers often decided to distribute lower quality products in Poland and sell the better ones abroad. However, in the late 1970s, they also started to take advantage of domestic export through Pewex and Baltona shops, where Polish consumers could purchase high-quality goods for hard currency. Squeezing money from Poles in this way contributed to maintaining Poland's balance of payments in the late 1970s.⁴⁶¹

Nevertheless, natural resources remained the core export product in the second half of the decade. By 1980, coal itself constituted 9 per cent of export revenues.⁴⁶² As framed by Jerzy Olszewski in 1980: 'we could always export more coal [...] we can firmly say that for the next dozen years it will remain a saleable product'.⁴⁶³ The importance of resources for Poland's balance of payments explains why, despite the critical financial situation, the leadership did not give up on expensive industrial projects such as the Bełchatów Power Station. On the contrary, new coal layers were developed in the Lublin region and in Silesia. In the eyes of the Western creditors, such investments proved Poland's creditworthiness.⁴⁶⁴ Other industrial endeavours, including Katowice Steelwork, found secure financial support from Moscow. This plant, being directly connected with the Soviet Union by the broad-gauge line and relying on Soviet resources, in the late 1970s received its generous support. The continuation of these costly endeavours, usually interpreted in ideological terms or as a proof of the influence of heavy industry, also had an economic underpinning. At the same time, however, many other investments had to be renounced, causing massive waste.

Another goal of the 'economic manoeuvre' was to increase central control. As discussed by Bożyk in his report from 1976, the PUWP apparatus could not afford to only play an inspirational

⁴⁶⁰AAN, URM 290, 5.4/200, 'Zapis przebiegu obrad posiedzenia Prezydium Rządu' (Minutes from Presidium of Government meeting), 8 June 1979, 91.

⁴⁶¹AAN, URM 290, 5.4/137, 'Informacja za 1976 r. o zawieraniu umów kredytowych na inwestycje realizowane z kredytów zagranicznych na zasadzie samospłaty dewizowej oraz o przebiegu spłaty kredytów dewizowych i wpływie realizowanych inwestycji na bilans płatniczy' (On self-financing credits), Report by Trade Bank for government, February 1977, 3.

⁴⁶²*Rocznik statystyczny handlu zagranicznego 1981*, 34-5.

⁴⁶³AAN, URM 290, 5.4/198, 'Zapis przebiegu obrad posiedzenia Prezydium Rządu' (Minutes from Presidium of Government meeting), 18 May 1979, 22.

⁴⁶⁴E.g. AAN, URM 290, KT 113/5, 'Informacja dotyczy: amerykańskiej oceny spotkania E. Muskie z Wicepremierem PRL' (On meeting between Muskie and Poland's vice prime minister), Memo by Ministry of Interior for government, 5 June 1979, 3.

role, and had to assume a controlling function. Similarly, the government and especially its institutions, which ‘defend the interests of the whole country, not the interests of particular ministries’, including the Planning Commission, Ministry of Finance, Ministry of Foreign Trade, and Ministry of Domestic Trade and Services were supposed to increase their role.⁴⁶⁵

Indeed, the industrial ministries in the first half of the 1970s massively abused the central plan, spending more than they were supposed to and not completing their investments in time. Moreover, they often did not repay the credits they had taken based on the self-financing mechanism. By 1980, around half of debts accumulated by this means had to be paid back in a different manner.⁴⁶⁶ The initial response to this phenomenon was the partial cancellation of the WOG reform. However, as the problems accumulated, the central institutions started to look for other means of disciplining industries, including fines, sanctions, and eventually propaganda campaigns against ineffective managers.

The industrial ministries fiercely opposed these measures and regularly clashed with the representatives of the Planning Commission and the Ministry of Finance during the Presidium of Government meetings. As Pajestka responded to this pressure from the industry in 1978: ‘we have to firmly claim that the full independence of enterprises is a nonsense, which today does not exist even in capitalism’.⁴⁶⁷ At the same meeting, Szydlak suggested encouraging publications on this topic because, through economists, the ideas of independence of enterprises ‘spread among the industrial management’.⁴⁶⁸ In 1979, Jaroszewicz also proposed launching propaganda campaigns against particular managers who did not deliver expected results.⁴⁶⁹ This included, for example, the demonstrative firing of managers of six industrial associations and 28 enterprises in May 1980.⁴⁷⁰ In such a manner, by the end of the decade, the leadership antagonised the industrial elites, whose support had been one of the pillars of domestic stability and the unity of socialist elites in the early 1970s.

The gaze of the leadership now shifted towards financial experts. Representatives of the Ministry of Finance became central to Presidium of the Government debates, and in the late 1970s

⁴⁶⁵AAN, KC PZPR 1354, XIA/486, ‘Możliwości i warunki’, 22.

⁴⁶⁶AAN, URM 290, 5.4/198, ‘Ocena realizacji inwestycji kredytowych na zasadzie samospląty’ (On self-financing credits), Report by the Trade Bank for government, May 1979, 7.

⁴⁶⁷AAN, URM 290, 5.4/166, ‘Zapis przebiegu obrad posiedzenia Prezydium Rządu’ (Minutes from Presidium of Government meeting), 7 April 1978, 23.

⁴⁶⁸AAN, URM 290, 5.4/166, ‘Zapis przebiegu’, 14.

⁴⁶⁹AAN, URM 290, 5.4/197, ‘Zapis przebiegu obrad posiedzenia Prezydium Rządu’ (Minutes from Presidium of Government meeting), 11 May 1979, 42.

⁴⁷⁰Zbigniew Włodek (ed.), *Tajne dokumenty Biura Politycznego. PZPR a Solidarność 1980-1981* (Londyn: Aneks, 1992), 600.

also bankers participated in them. It was hoped that, through the control of domestic finance and negotiations with Western creditors, they would cure Poland's economy. During a governmental meeting in 1979, an increasingly desperate Prime Minister Jaroszewicz revealed his immense faith in the abilities of these groups and suggested better rewarding them for their critical role for Poland's economy:

We have to come up with new, strong things, to a certain extent contradictory to our mentality formed over the past 35 years. We have to say: here are incentives, give banks the incentives. Banks. Shower banks with money. Give them annual bonuses monthly, if they can catch something, organise something. If each bank would catch 10 million a year, we have half a million.⁴⁷¹

Given the difficulties in executing the 'economic manoeuvre', the leadership strategy involved short-term measures for improving the domestic situation. Apart from increasing reliance on consumption credits, rare in the first half of the decade, these included turning a blind eye to black-market practices, which filled gaps in domestic provision.⁴⁷²

While the government spent much of its time on this micro-management and critiquing certain aspects of the economy, its members never questioned the broader logic of the strategy. A pivotal report prepared by Bożyk in 1976 acclaimed the agenda of the early 1970s and even considered that 'at this time credit policy was an incredibly positive solution'.⁴⁷³ Even a report on self-financing credits from 1980, which revealed that half of the credits had not been paid back in a planned manner, recognised its benefits, such as 'significant development and modernisation of production potential' and only recommended to 'improve it' in the future.⁴⁷⁴ The 8th Congress of the PUWP, held in February 1980, confirmed plans of an increasing role of foreign trade in Poland's economic development.⁴⁷⁵

As such, the leadership did not doubt the choices that they had made in the early 1970s and focused on readjusting the strategy instead of drastically reversing it. It might be supposed that its

⁴⁷¹AAN, URM 290, 5.4/197, 'Zapis przebiegu', 28.

⁴⁷²On black market in Poland: Jerzy Kochanowski, *Through the Back Door: The Black Market in Poland 1944-1989* (Frankfurt am Main: Peter Lang, 2017).

⁴⁷³AAN, KC PZPR 1354, XIA/486, 'Możliwości i warunki', 3.

⁴⁷⁴AAN, URM 290, 5.4/198, 'Ocena realizacji', 8-10.

⁴⁷⁵AMSZ, Dep. IV, 43/84 w.16, 'Kierunki rozwoju stosunków gospodarczych PRL z krajami kapitalistycznymi rozwiniętymi do 1985' (On economic relations with capitalist countries), Report by the Ministry of Foreign Trade, June 1980, 1.

principal architects until the very end believed that it could work. Indeed, some reports from the late 1970s still predicted a sudden turn for the better.⁴⁷⁶ There was a certain logic to this assumption. The program introduced in the early 1970s was a long-term strategy, and only its continuation could reveal if the ‘investment harvest’ would materialise. However, the leadership also had a political motivation for leaving the status quo intact. Constructing their image around this national strategy meant that its rejection would likely result in their dismissal. Gierek, Jaroszewicz, and their allies needed to continue their plans if they wanted to keep their posts. As problems accumulated, they became increasingly isolated in their positions, and voices for more a decisive response to the crisis arrived from different groups among the socialist elites. Already in 1974, Tejchma noted in his journals that Politburo members were divided into three groups: supporters of the West, Soviet servilists, and sovereigntists.⁴⁷⁷ These labels indicate border divisions among the socialist elites and three alternative strategies of overcoming the crisis.

The first option of counteracting the worsening economic conditions was to turn towards the West and seek financial support and rescheduling of debts. Bożyk and his team of economic experts, which he assembled in 1977, regularly provided the first secretary with reports insisting on joining the International Monetary Fund (IMF) and the World Bank (WB). In their view, this step would enable Poland to receive more substantial and beneficial credit lines and decrease its reliance on expensive short-term loans.⁴⁷⁸ This stance was strongly supported by bankers from the National Bank and the Trade Bank.⁴⁷⁹ In early 1977, the Ministry of Finance issued a recommendation to join the IMF and the WB. It pointed to the numerous economic opportunities it offered to Yugoslavia and Romania, two socialist regimes holding membership in the organisations.⁴⁸⁰ In March 1977, the Politburo agreed to follow this advice.⁴⁸¹ However, its decision was blocked by the Soviet Union.⁴⁸²

⁴⁷⁶AMSZ, Dep. IV, 43/84 w.16, ‘Kierunki rozwoju stosunków gospodarczych’, 2.

⁴⁷⁷ Tejchma, *Kulisy dymisji*, 7.

⁴⁷⁸E.g. ‘Sytuacja w obrotach z II obszarem płatniczym’, Report by Bożyk and team of economic experts for Gierek, February 1979, in Krzysztof Kozłowski (ed.), *Raporty dla Edwarda Gierka* (Warszawa: Polskie Wydawnictwo Ekonomiczne, 1988), 192.

⁴⁷⁹ Bień, *Jak doszło do zadłużenia*, 18-24; Karcz, *Zadłużenia zagraniczne Polski*.

⁴⁸⁰AAN, KC PZPR 1354, V/141, ‘Notatka w sprawie ponownego przystąpienia Polski do Międzynarodowego Funduszu Walutowego i Międzynarodowego Banku Odbudowy i Rozwoju’ (On re-joining IMF and WB), Memo by the Ministry of Finance for Politburo, 25 January 1977.

⁴⁸¹AAN, KC PZPR 1354, V/141, ‘Decyzja w sprawie ponownego przystąpienia Polski do Międzynarodowego Funduszu Walutowego i Międzynarodowego Banku Odbudowy i Rozwoju’ (Draft decision on applying to join the IMF and WB), Ministry of Finance for Politburo, 1 March 1977.

⁴⁸²AMSZ, ZD 24/79, w.11, Olszowski to Gierek, 17 March 1977, in Piotr Majewski (eds.), *Polskie dokumenty dyplomatyczne 1977*, 234–6.

Stefan Olszowski recalls a conversation in Moscow on this topic, when allegedly Brezhnev claimed, 'you have nothing to look for there, Americans rule there'.⁴⁸³ The Polish leadership raised the topic with Soviet officials again in 1978 and in early 1980, in both cases receiving a negative reply.⁴⁸⁴

Although Olszowski engaged in talks concerning admission to the IMF, he believed that Poland's economic situation could be cured only through substantial financial support from the Soviet Union.⁴⁸⁵ His position was likely shared by Kania and Jaruzelski, who in the late 1970s emerged as Gierek's most powerful opponents and those with the strongest support of Moscow.⁴⁸⁶ Their views corresponded to the 'umbrella theory' popular at the time among Western creditors. As this theory went, if Poland defaulted, the Soviet Union would step in and finance Poland's debts. However, talks between Polish and Soviet representatives in the second half of the 1970s reveal that Moscow was not eager to offer Poland substantial help. Although it granted Poland loans on an annual basis, rescheduled debts, and made some concession concerning the export of resources, this support could neither substitute for Western credits nor offer a way out of indebtedness.

The fact that the Soviet Union did not engage more decisively in the situation in Poland was also related to the efforts of the leadership to avoid such a scenario. Despite asking Moscow for financial support, during meetings Soviet officials, Gierek and Jaroszewicz tried to convince them that they were capable of controlling the situation and that their aim was to decrease Poland's economic dependence on the West.⁴⁸⁷ Moreover, by manipulating the numbers, they also avoided a full disclosure of the state of Poland's economy.⁴⁸⁸ By this means, they hoped to preserve their positions and secure Poland's room for independent manoeuvre. Referring to these actions, some scholars describe Gierek as representing a 'patriotic' faction within the PUWP leadership.⁴⁸⁹ But these attempts concerned only reducing political dependence. Plans to increase Poland's foreign trade reveals that the architects of this strategy did not consider economic entanglement with the Soviet

⁴⁸³ Olszowski, Mroziński and Rupiński, *How Are You*, 52.

⁴⁸⁴ AAN, KC PZPR 1354, V/147, 'Sprawozdanie z rozmów delegacji PRL pod przewodnictwem Prezesa Rady Ministrów Piotra Jaroszewicza przeprowadzonych w Moskwie w dniach 30 i 31.1.1978' (On Jaroszewicz talks in Moscow), February 1978, 2; Karcz, *Zadłużenia zagraniczne Polski*, 59-60.

⁴⁸⁵ Rakowski, *Dzienniki 1976-1978*, 398; Rakowski, *Dzienniki 1979-1981*, 26.

⁴⁸⁶ Witalij Pawłow, *General Pawłow: byłem rezydentem KGB w Polsce* (Warszawa: Polska Oficyna Wydawnicza BGW, 1994), 84-5; Rakowski, *Dzienniki 1976-1978*, 292-3; Kostikow and Roliński, *Widziane z Kremla*, 225.

⁴⁸⁷ AAN, KC PZPR 1354, V/151, 'Informacja o spotkaniu Prezesa Rady Ministrów Piotra Jaroszewicza z Przewodniczącym Rady Ministrów ZSRR A.N. Kosyginem /Moskwa 14 listopada 1978/' (On Jaroszewicz meeting with Kosygin), Memo for Politburo, 21 November 1978, 2.

⁴⁸⁸ Skrzypek, *Dyplomatyczne dzieje PRL*, 293.

⁴⁸⁹ Majewski, 'Polityka zagraniczna PRL', 111.

Union and the West as particularly worrying.

Such a reading of Poland's situation was shared by the experts and the liberal faction of the socialist elites. From the mid-1970s, the phrase 'opening towards the West', previously avoided in official documents and press, entered the public narrative. As early as in 1975, *Polityka* published a debate entitled 'What did the opening give us?'. The answers offered by the participants were unequivocally positive.⁴⁹⁰ Such an approach was present not only in *Polityka*; the majority of press publications praised Poland's participation in the global economy. For example, in an article entitled 'Modernity means openness', published in *Życie gospodarcze* in 1979, the author stated: 'We are today much more open than before, [...] however, this is still restricted openness, the one incommensurate with our needs and capabilities'.⁴⁹¹ Additionally, many of the respondents of the report published by the aforementioned group 'Experience and Future' noted that 'the policy of the leadership excessively increased Poland's dependence both on the East and on the West'. At the same time, the report assessed this broadening of economic ties as a positive and necessary phenomenon. The responders were nonetheless afraid that the increasing dependence on the West could result in stronger involvement of Moscow in Polish affairs or even Soviet intervention in Poland.⁴⁹²

For PUWP hardliners, though, Gierek and his allies had committed the mortal sin of undermining Poland's economic sovereignty. Although in the early 1970s Moczar, the leader of the nationalist 'partisans' faction, was side-lined from leadership, he became a government member, heading the Supreme Chamber of Control. Moreover, his views on political independence and economic autarchy remained popular among the PUWP elites, and especially among the security services. The new faction emerging in these circles from the mid-1970s is sometimes referred to as the 'patriotic left'. Its members, such as Grabski, and initiatives, such as the 'Letter of 2000', blamed Gierek's leadership for Poland's economic dependency on both the West and the Soviet Union. These groups would have liked Poland to tighten domestic control, implement severe austerity measures, and repay its debts.⁴⁹³

Despite the concern voiced by different groups among the socialist elites, the Polish economic agenda did not undergo major revision, and the measures implemented after 1976 were neither drastic nor adequately executed. The leadership may have hoped for a sudden improvement of the economic situation, which would also enable them to preserve their positions. However, this optimistic attitude

⁴⁹⁰ 'Co nam dało otwarcie?', *Import-eksport* supplement to *Polityka*, 43 (1975), 1 and 18-9.

⁴⁹¹ 'Nowoczesność znaczy otwartość', *Życie gospodarcze*, 38 (1979), 3.

⁴⁹² Konserwatorium "Doświadczenie i Przyszłość", *Raport o stanie Rzeczypospolitej i drogach jej naprawy*, 8 June 1979, 98, <http://www.dlibra.karta.org.pl/dlibra/doccontent?id=3978> (accessed: 7 December 2020).

⁴⁹³ Gasztold, *Towarzysze z betonu*, 63-8.

was not widespread among the socialist elites, which instead advocated other strategies of tackling the crisis. As in the case of the policy towards dissidents, the leadership's status quo strategy was also a way of maintaining domestic unity and avoiding greater Soviet engagement in Polish affairs.

4.4. Between East and West

As emerges from the above, the need to maintain good relations with both the Soviet Union and the West severely constrained the Polish leadership's options for counteracting the unfolding political and economic crisis. However, balancing between the two and maintaining the status quo was not the only available strategy at the time. As the Romanian case demonstrates, it was possible to reject external pressures. From the late 1960s, Nicolae Ceaușescu's regime opposed Soviet attempts to dictate the European socialist regimes' policies. This strategy allowed it to join the IMF in 1972 and go further than any other CMEA member in regulating its relationship with the EEC.⁴⁹⁴ Yet, acting in the name of defending its sovereignty, Romania by 1989 repaid its foreign debt, which in 1980 amounted to 9 billion US dollars.⁴⁹⁵ From the perspective of the PUWP leadership, however, this approach could threaten national interests and undermine the logic of the 1970s strategy. As in domestic and economic policy, continuity was the main goal of Poland's foreign policy in the late 1970s.

Relations with the Soviet Union under Gierek's leadership were better than under Gomułka's. While Moscow signaled its concerns about Poland's national strategy already in the early 1970s, overall, in this period the Polish leadership enjoyed a broad margin of Soviet trust.⁴⁹⁶ Gierek skilfully exploited this sentiment by making symbolic gestures that had little political importance. These included awarding Brezhnev with *Virtuti Militari*, Poland's highest military award in 1974, introducing a clause about the timeless alliance with the Soviet Union to Poland's constitution in 1976, and regularly paying lip service to the promise of collectivisation.⁴⁹⁷ The Polish leadership's strategy of dealing with the Soviet Union differed from the Romanian one. Instead of testing the

⁴⁹⁴Elena Dragomir, 'Romania Turns West. National and international rationales', in Angela Romano and Federico Romero (eds.), *European Socialist Regimes' Fateful Engagement with the West. National Strategies in the long 1970s* (London and New York: Routledge, 2020), 210.

⁴⁹⁵Cornel Ban, 'Sovereign Debt, Austerity, and Regime Change: The Case of Nicolae Ceausescu's Romania', *East European Politics and Societies* 24:4 (2012), 743-76.

⁴⁹⁶Rakowski, *Dzienniki 1972-1975*, 163; Waszczuk, *Biografia niezłustrowana*, 64.

⁴⁹⁷Szumski, 'Leonid Brezhnev and Edward Gierek'.

Soviets' resolve, it aimed to build trust and profit from it.

The Soviet attitude changed after the CSCE and especially after the 1976 events in Poland. From the mid-1970s, it aimed to increase coordination of the socialist regimes and hence control over them.⁴⁹⁸ For example, political consultations between Warsaw Pact members became more frequent, and the CMEA took over responsibility for regulating the relationship with the EEC. However, this increase in political coordination was not followed by economic benefits. As already mentioned, the Soviet willingness to offer Poland a way out of indebtedness was limited. Additionally, Moscow restricted Poland's options of tackling the economic crisis by opposing both attempts at raising prices and accession to the IMF and the WB. At the same time, its policy only worsened Poland's economic situation. Since the reform of the CMEA price mechanism in 1975, all European socialist regimes struggled with securing access to oil. Jaroszewicz openly informed Kosygin that if the Soviet Union did not increase its deliveries, Poland would have to multiply its links with capitalist markets.⁴⁹⁹ Moreover, in the late 1970s, Soviet Union started to look for means of financially involving socialist regimes in an exploitation of resources, above all the construction of the Soiuz gas pipeline, which implied joint loans from the West.⁵⁰⁰ The regression of the superpowers détente following Carter's victory in the US presidential elections resulted in a significant increase of Soviet military expenditures, which was also imposed on Warsaw Pact members.⁵⁰¹

Similarly, the Soviet Union, alongside Romania, was the main reason why the negotiation between the CMEA and the EEC was a prolonged one, leaving Poland and the socialist regimes without a beneficial trade agreement with the Common Market. Thus, these countries were forced to continue to rely on segment agreements. In such a manner, Poland concluded a separate deal with the EEC on textiles and steel in 1978. However, in the case of fishing quotas, another sector the EEC regulated in the late 1970s, dragging socialist regimes into talks, the agreement fell through. The main reason for that was the fact that Poland had to negotiate alongside other socialist states with access to the Baltic Sea, namely, the Soviet Union and the GDR. Unlike Poland, these countries firmly opposed concluding any agreement with 'territorial clauses', which in the documents of the EEC included Berlin, which clashed with the Four Power Agreement on the city from 1971.⁵⁰² The actions of the Soviet Union went increasingly against Poland's economic interest and pushed Poland towards the

⁴⁹⁸Wanda Jarząbek, *PRL w politycznych strukturach Układu Warszawskiego w latach 1955-1980* (Warszawa: Instytut Studiów Politycznych Polskiej Akademii Nauk, 2008), 39-43.

⁴⁹⁹AAN, KC PZPR 1354, V/147, 'Sprawozdanie z rozmów delegacji PRL', 4.

⁵⁰⁰Lüthi, 'Drifting Apart', 375-8.

⁵⁰¹Jaroszewicz and Roliński, *Przerywam milczenie*, 208; Skrzypek, *Dyplomatyczne dzieje PRL*, 269 and 290.

⁵⁰²Angela Romano, 'Untying Cold War knots'; Aleksandra Komornicka, 'Winner of the Saki Ruth Dockrill Memorial Prize 'The Unity of Europe is inevitable': Poland and the European Economic Community in the 1970s', *Cold War History* 20:4 (2020), 483-501.

West. Given the difficulty of its economic situation, support from Moscow still was necessary. However, Soviet economic leverage over the Polish leadership was much less forceful than it had been previously.

At the same time, from the point of view of the socialist elites, the alliance with the Soviet Union still held tremendous importance. Despite the treaty with the FRG from 1970 and the CSCE Final Act, Moscow remained a principal guarantor of Poland's borders. Moreover, according to the interpretation of the Ministry of Foreign Affairs, the FRG's attitude towards the Treaty of Warsaw 'evolved negatively'.⁵⁰³ Moreover, while themselves profiting from détente with Western Europe, Polish policymakers worried about an increasing rapprochement between the FRG and the GDR. The Ministry of Foreign Affairs paid particular attention to the relations between the two German states, noting that the 'advanced level on normalisation' and the GDR's economic reliance on the FRG might lead to Germany reunification in the long run.⁵⁰⁴ In the late 1970s, Polish officials, when discussing foreign policy with representatives of the Soviet Union, drew their attention to this issue and expressed concern.⁵⁰⁵ From this perspective, honouring Moscow's views was not only a sign of the obsequiousness of the Polish socialist elites, and their fear of Soviet intervention in Poland, as often suggested by the historians, but also of their realistic concern for critical issues of national interest.⁵⁰⁶

Apart from guaranteeing Poland's security, the Soviet Union also ensured the PUWP's monopoly of power. This was important both in general and with relation to Gierek's leadership specifically. In light of rising relations with the West, the emergence of dissident groups, and worsening economic situation, a close alliance with the Soviet Union was necessary for preserving the legitimacy of the regime as well as keeping the leadership in place. While Ceaușescu executed an authoritarian power over Romania, Poland's socialist elites were weaker and, in the late 1970s divided. This fact reduced the likelihood of the Soviet Union tolerating Poland's independent manoeuvring, as it did in the case of Romania, and heightened Warsaw's concerns for domestic unity

⁵⁰³AMSZ, ZD 2/81, w.21, t. 162, Czyrek to the Embassies in Western states, 10 March 1979, in Piotr Długolecki and Jerzy Kochanowski (eds.), *Polskie Dokumenty Dyplomatyczne 1979* (Warszawa: Polski Instytut Spraw Międzynarodowych, 2014), 158.

⁵⁰⁴AAN, URM 290, KT 107/85, 'Notatka informacyjna o wybranych problemach w stosunkach NRD z RFN' (and GDR-FRG relations), Memo by Wojtaszek, 30 December 1978.

⁵⁰⁵AAN, URM 290, KT 107/85, 'Notatka informacyjna z rozmów Ministra E. Wojtaszka z Ministrem A. Gromyko w czasie wizyty w Moskwie luty 1979 r' (On Wojtaszek's meeting with Gromyko), 12 February 1979, 10.

⁵⁰⁶Mirosław Szumiło, "'Realizm" polityczny w kierownictwie PZPR- płaszczyzny i interpretacje', *Politeja: Pismo Wydziału Studiów Międzynarodowych i Politycznych Uniwersytetu Jagiellońskiego* 3:25 (2013), 33-49. The author claims that 1970s realism aimed only to secure Gierek's leadership not defend Poland's actual interest.

in the case of tension with the Soviet Union.

At the same time, Western actors, too, wielded greater influence on Poland. According to conventional interpretations, access to foreign loans was the West's principal leverage over Polish socialist elites.⁵⁰⁷ Certainly, in the second half of the 1970s, the flow of hard-currency credits became critical for maintaining the domestic status quo. Nevertheless, the West, and above all, Western Europe, was not yet interested in using this dependency to push for political changes in Poland. Although Western European politicians mentioned the problem of human rights in bilateral talks, they did not link these issues and the continuation of political and economic détente.⁵⁰⁸ As a consequence, Poland's bilateral relations on the continent flourished. This can be illustrated by the numerous state visits that took place, including Gierek's visit to the FRG in 1976 and to Italy in 1978. Schmidt and Giscard d'Estaing, too, visited Poland during this period. Moreover, they met with Gierek in an unofficial manner, as their relationship with the PUWP first secretary acquired a personal element, unusual in political contacts between socialist and capitalist leaders.⁵⁰⁹ On all these occasions, economic matters were discussed alongside political ones, and Poland usually received new credit lines.

The US also kept up positive relations with Poland, exemplified by Carter's visit in 1977. For the first time, an American president came to Warsaw without planning to visit Moscow on the same trip. However, the US insistence on respect for human rights and tolerance of dissidents was stronger than that of Western European officials. Unlike the latter, the US representatives hinted that these elements were a necessary condition for financial support.⁵¹⁰ Nevertheless, supposedly even if the Polish leadership had taken a more radical line in domestic policy, its access to credits would not have been threatened. Although providing Gierek's regime with money was a part of a conscious détente strategy⁵¹¹, loans were also offered to states with much worse human rights records, including other socialist regimes, such as Romania.

From the perspective of the socialist elites in Poland, however, the correlation between respect for human rights and Western loans was stronger in imagination than in reality. Policymakers feared

⁵⁰⁷ Eisler, 'Edward Gierek wobec opozycji'; Friszke, *Czas KORU-u*, 237.

⁵⁰⁸ Brier, 'Broadening the Cultural History', 109-12.

⁵⁰⁹ Skrzypek, *Dyplomatyczne dzieje PRL*, 264 and 294.

⁵¹⁰ Majewski, 'Polityka zagraniczna PRL', 127-30; Skrzypek, *Dyplomatyczne dzieje PRL*, 276-88; Jakub Tyszkiewicz, 'Z perspektywy Waszyngtonu', in Wanda Jarząbek, Paweł Jaworski, Jacek Tebinka and Jakub Tyszkiewicz, *Prawa człowieka w polityce demokracji zachodnich wobec Polski w latach 1975-1981* (Warszawa: Państwowe Wydawnictwo Naukowe, 2018), 26-7.

⁵¹¹ E.g. Mourlon-Druol, 'The role of a creditor'; Bartel, 'Fugitive Leverage'.

the diminishing financing opportunities in the West from the early 1970s, driving the quickly rising indebtedness. After 1976, reports on the economic situation in Poland prepared by banks and Bożyk's experts' team regularly mentioned threatened access to foreign credits.⁵¹² In his journals, Rakowski often interpreted the leadership's approach towards dissidents as a means to continue receiving loans.⁵¹³ Moreover, in the second half of the 1970s, credits from the US, the country that most emphasised respect for human rights, became increasingly significant. Previously constituting a minor part of Poland's foreign debt, with the worsening of weather conditions, the American Commodity Credit Cooperation's grain deliveries acquired more importance. As such, exaggerated fear of access to foreign loans to a certain extent underpinned liberal attitude of the 1970s leadership.

Nevertheless, reducing Poland's goal of maintaining good relations with the West to economic factors would be a mistake. From Gierek's arrival to power, the endurance of détente was an assumption underlying the whole strategy, and a goal as such. The 1970s leadership put much effort into constructing a peaceful coexistence and drew numerous benefits from it, including above all security and strengthening the legitimacy of the regime. Imposing a hard line and austerity in domestic policy in order to repay foreign debts could threaten these gains. As a consequence, Poland not only continued its liberal domestic policy, but also insisted on saving détente in all its forms.⁵¹⁴

Apart from bilateral ties with Western countries, this goal was supposed to be achieved through multilateral cooperation. As framed by a report prepared by the Ministry of Foreign Trade and the Ministry of Foreign Affairs for the Politburo from 1976: 'in the last years we observe a tendency to solve international problems through international organisations and conferences'. It further stated that: 'Poland considers its participation in their work as a part of its overall strategy'.⁵¹⁵ Indeed, even though the CSCE follow-up Belgrade conference was dominated by Third Basket provisions, Polish representatives supported the idea of organising another conference in the future. Moreover, they hoped to use Belgrade to launch new pan-European initiatives, such as making the CSCE Final Act legally binding, and broadening and facilitating not only economic but also scientific and cultural

⁵¹²AAN, KC PZPR 1354, XIA/486, 'Możliwości i warunki', 11; AAN, BH 638, 55/183, 'Sprawozdanie o kredytach zagranicznych w 1977 roku' (On foreign credits in 1977), Report by Trade Bank, May 1978, 17.

⁵¹³Rakowski, *Dzienniki 1976-1978*, 137.

⁵¹⁴AAN, KC PZPR 1354, V/140, 'Węzłowe kierunki i zadania polityki zagranicznej PRL w 1977 roku' (foreign policy guidelines for 1977), Report by Ministry of Foreign Affairs for Politburo, 29 January 1977, 1; AAN, KC PZPR 1354, V/147, 'Węzłowe kierunki i zadania polityki zagranicznej PRL w 1978' (foreign policy guidelines for 1978), Report by Ministry of Foreign Affairs for Politburo, 20 December 1977, 1; AAN, KC PZPR 1354, V/152, 'Węzłowe kierunki i zadania polityki zagranicznej PRL w 1979 roku' (foreign policy guidelines for 1979), 8 January 1979, 8-9.

⁵¹⁵AAN, KC PZPR 1354, V/145, 'Oceny i wnioski wynikające', 1-2.

cooperation. Poland's proposals included, for example, the 'preparation of Societies for Life in Peace', in practice implying closer cooperation in education.⁵¹⁶ This idea was also promoted by Gierek and the Polish diplomacy at the UN and became part of the organisation's official declaration in 1978.⁵¹⁷ Additionally, Poland hoped for a conclusion of the CMEA-EEC agreement, even though some internal reports stated that it would not offer it more economic benefits than those already enjoyed as a GATT member.⁵¹⁸ As discussed by the Ministry of Foreign Trade: 'Taking into consideration the current international situation and the pressing need for continuation in deepening of détente in Europe, we need to speed up and improve the status of the CMEA-EEC negotiation. Not downgrading the importance of economics, the agreement would have primarily great political importance'.⁵¹⁹ Despite these efforts, relations between the two organisations, and the formal recognition of the EEC by the socialist regimes, took place only in 1988.

Poland's attitude towards multilateral cooperation reveals another critical difference between the Polish and the Romanian socialist regimes. Ceaușescu strongly opposed the CMEA-EEC deal and coordination of the Warsaw Pact countries in the CSCE talks. While, for Poland, multilateral détente was a guarantee of the status quo and an opportunity, for Romania it carried the possibility of superpowers' domination over smaller states.⁵²⁰ This perception of the superpowers', and especially the Soviet, place in détente was a significant difference between the two socialist regimes.

From the perspective of the Polish leadership, both the alliance with Moscow and détente with the West were pivotal; thus, it aimed to keep the superpowers a part of this process. For this reason, the Soviet invasion of Afghanistan in December 1979 was assessed negatively in Poland; allegedly, Gierek broke down after the event.⁵²¹ Alongside France and Germany, and especially their leaders Giscard d'Estaing and Schmidt, who at the time tried to mitigate US confrontational proposals such as the NATO dual-track decision, Gierek and Poland's diplomacy aimed to prevent events outside Europe from impacting the continent. In early 1980, the leadership looked for means to counteract the rising international tensions, and Gierek considered himself a mediator between the East and the

⁵¹⁶Wanda Jarząbek, 'Od Helsinek do Belgradu- władze PRL a problematyka trzeciego koszyka KBWE w latach 1975-1980', in Krzysztof Ruchniewicz, Bożena Szaynok and Jakub Tyszkiewicz (eds.), *W Dekadzie Gierka* (Toruń: Wydawnictwo Adam Marszałek, 2010), 128-9.

⁵¹⁷Skrzypek, *Dyplomatyczne dzieje PRL*, 288.

⁵¹⁸AMSZ, Dep. IV, 1/83, w.17, 'Negocjacje między RWPG a EWG' (On CMEA-EEC negotiations), Report by Rurarz, 24 October 1977.

⁵¹⁹AMSZ, Dep. IV, 43/84 w. 16, Memo on CMEA-EEC talks, Bożym to Napieraj, 26 March 1980, 1.

⁵²⁰Dragomir, 'The perceived threat'.

⁵²¹Waszczuk, *Biografia niezłustrowana*, 66.

West.⁵²² The Polish commitment to preserving détente mirrored Western European objectives, already demonstrated in the literature.⁵²³ In this sense, Poland's foreign policy strategy was not only a result of specific, domestic problems but also part of a broader foreign policy trend on the continent. European states profited from peaceful coexistence and therefore tried to maintain it against rising tension between the superpowers.

However, Moscow did not support all of Poland's ideas, such as holding a disarmament conference in Warsaw or using another session of the CSCE in Madrid to launch demilitarisation talks. But it did welcome Gierek's joint initiative with Giscard d'Estaing to organise a meeting between the French president and Brezhnev in Warsaw in May 1980. Although the event did not yield substantial results and caused tensions between Poland and the USSR over the war in Afghanistan, it epitomised Poland's commitment to détente ideas.⁵²⁴ Giscard was supposed to come to Warsaw again in autumn, and Gierek was invited to FRG in August 1980. Against all odds, the European détente was set to continue.

The need to respect external pressures emerged from the fact that Poland had a vital interest in maintaining positive relations with both the East and the West. While in both cases, economic benefits were critical, they were not the only motives for which Poland attached importance to its foreign relations. Preserving détente was the best possible strategy for a country balancing between the East and the West, and struggling with domestic instability. For these reasons, unlike Ceaușescu, the Polish leadership was uninterested either in rejecting Moscow's pressure or in tightening domestic control and imposing financial austerity in the name of removing Western leverage. While Romania's strategy was based on the idea of political and economic sovereignty, the Polish one, throughout the whole of the 1970s, relied on ideas of economic openness, cooperation, and multilateralism.

4.5. The collapse

In addition to the Soviet invasion of Afghanistan, 1979 brought other external and unforeseeable developments that complicated the situation in Poland. These included a drastic

⁵²² Skrzypek, *Dyplomatyczne dzieje PRL*, 298-300.

⁵²³ E.g. On the commitment to the policy of détente in Western Europe: Oliver Bange, "Keeping détente alive": Inter-German relations under Helmut Schmidt and Erich Honecker, 1974-1982', in Leopoldo Nuti (ed.), *The Crisis of Détente in Europe: From Helsinki to Gorbachev, 1975-1985* (London, New York: Routledge, 2009), 230-43; Frédéric Bozo, *French Foreign Policy since 1945: An introduction* (New York: Berghahn, 2016), 107-8; Mourlon-Druol, 'The role of a creditor', 73-4; Angela Romano, 'The EPC main task: fostering détente in Europe', in Poul Villaume and Odd Arne Westad (eds.), *Perforating the Iron Curtain. European Détente, Transatlantic Relations, and the Cold War, 1965-1985* (Copenhagen: Museum Tusculanum Press, 2010), 123-42.

⁵²⁴ Skrzypek, *Dyplomatyczne dzieje PRL*, 298-300.

deterioration of weather conditions, the second oil crisis, the sudden increase of interest rates on external debts, and the visit of John Paul II, the newly elected Polish Pope, to his homeland. Taken together, these factors contributed to the accumulation of Poland's problems in the next year. Yet such events are not enough to explain the scale of the political and economic turmoil of 1980. Its seeds are rather to be found in the status quo strategy.

Unlike in the early 1970s, in the second half of the decade, weather conditions were not good for Poland's agriculture, and food products had to be imported. In 1979, this situation further deteriorated. The 'winter of the century' paralysed the country in the first months of the year and drastically increased energy consumption.⁵²⁵ This situation collided with the second oil shock of 1979, caused by the Iranian revolution. The further rises in the global prices of oil resulted in the additional and unforeseen spending of hard currency. Moreover, the difficult winter was followed by a drought in the summer, which accelerated these trends and resulted in further imports of agricultural products, as well as additional credits. In 1979, Poland's foreign debt reached 23 billion US dollars, only to increase to 24 billion US dollars in 1980.⁵²⁶

Another oil shock deepened inflation on the West and resulted in further increases in interest rates. The most drastic rise, which occurred in the US, is known as the 'Volcker shock' after Paul Volcker, the Federal Reserve chair responsible for this policy. While in early 1979 the US interest rate still amounted to around 10 per cent, by the end of the year it had reached almost 15 per cent, and in May 1980 skyrocketed to 20 per cent. Fritz Bartel, applying an American perspective, considers this event the final blow to Poland's economy and the factor that forced the leadership to raise prices in July 1980. In his view, this measure served, above all, to uphold Poland's creditworthiness.⁵²⁷

Indeed, the cost of debt servicing rose sharply in the late 1970s. While in 1976 debt servicing amounted to 5 per cent of Poland's debts, in 1980 it had reached 9 per cent. At the same time, however, the 'Volcker shock' itself did not have immediate importance for Poland, whose foreign debt was composed of numerous transactions, based on different terms and concluded in different currencies. As such, even with American interest rates oscillating between 15-20 per cent in 1980, the average cost of servicing debt amounted to 10.7 per cent. In this period Poland turned towards short-term credits in deutsche marks, a currency much less impacted by inflation.⁵²⁸

⁵²⁵ Zaremba, 'Zimno, ciepło, gorąco', 12-19.

⁵²⁶ *Economic Survey of Europe in 1991-1992*, 322.

⁵²⁷ Fritz Bartel, *The Triumph of Broken Promises: Oil, Finance and the End of the Cold War*, PhD Diss, Cornell University 2017; Bartel, 'Fugitive Leverage', 73.

⁵²⁸ Calculated based on: AAN, BH 638, 55/186, 'Sprawozdanie o kredytach zagranicznych w roku 1980' (On foreign credits in 1980), Report by the Trade Bank, April 1981, 11 and 16.

A report prepared by the Planning Commission in May 1980 noted the worsening financial conditions and recommended counteracting the upcoming crisis. However, changing costs of servicing credits was just one of the harmful external trends it identified. The others included, for instance, the withdrawal of Western banks' deposits from Poland, the rise of oil prices and 'the political events worldwide'. Above all, the Planning Commission blamed domestic developments of the late 1970s, especially of 1979. As they note, this year, 'the domestic product for the first time was lower than in the previous year /by 2.3 per cent/ and plan of the domestic provision was deeply unfulfilled'. Additionally, unexpected imports from capitalist countries worsened Poland's balance of payment by 1 billion exchange zlotys (0.3 billion US dollars). On top of that, the report discussed the usual negative trends in the Polish economy, including insufficient exports and lack of central control, which from 1976 had only deepened.⁵²⁹

The alarming tone of the report was by no means a novelty. Economic and financial experts signalled these problems throughout the late 1970s. Some of them, including Bożyk in his previously discussed report from 1976, correctly predicted that by the end of the decade debt instalments would consume the entire body of export revenues.⁵³⁰

Similarly, throughout the 1970s, concerns about access to Western credits were expressed in internal reports. A report issued by the Planning Commission from May 1980 worried about Poland's ability to raise an additional 5 billion exchange zlotys (1.5 billion US dollars) and complete the annual plan.⁵³¹ Nevertheless, Polish negotiators usually managed to secure Poland's access to hard-currency credits. By May, they had already raised 1.9 billion exchange zlotys (0.6 billion US dollars). This included a new credit line from France, who also agreed to reschedule Poland's debts until next year, being the only Polish creditor to do so.⁵³² In June, in exchange for guarantees on coal deliveries, Poland received a new 300,000 US dollars credit from Austria.⁵³³ Despite serious concerns on the part of creditors and the debtor, until its very end, Gierek's regime could rely on Western loans.

Accordingly, Politburo documents from May and June 1980 do not reveal that remaining creditworthy played a big role in policymakers's thinking when they introduced a price increase. Although the decision sparked the biggest protests in Poland's history, in reality, the implemented measures were much less severe than the ones in 1976. Unlike on the previous occasion, the rise was

⁵²⁹AAN, KC PZPR 1354, V/158, 'Notatka w sprawie aktualnej oceny warunków realizacji Narodowego Planu Społeczno-Gospodarczego na rok 1980 i wniosków wynikających z tej oceny' (On economic plan in 1980), Memo by Planning Commission for Politburo, 31 May 1980.

⁵³⁰AAN, KC PZPR 1354, XIA/486, 'Możliwości i warunki', 20.

⁵³¹AAN, KC PZPR 1354, V/158, 'Notatka w sprawie aktualnej oceny'.

⁵³²Bień, *Jak doszło do zadłużenia*, 38; Karcz, *Zadłużenia zagraniczne Polski*, 20-5.

⁵³³AAN, KC PZPR 1354, V/158, 'Informacja o wynikach wizyty Prezesa Rady Ministrów Towarzysza Edwarda Babiucha w Austrii' (On Babiuch visit in Austria), Memo for Politburo, 27 June 1980, 3.

introduced in a surreptitious manner and concerned only meat. From the 1 July, many kinds of meat were supposed to be available only in commercial shops. Rather than drastically revising the strategy to save Poland's creditworthiness, this decision formed a part of numerous small measures undertaken by the leadership since 1976 to counteract the negative trends and were part of a sequence of failed attempts to raise food prices that occurred already twice in the previous decade.

The effective increase in meat prices first caused strikes in the area of Lublin. Although throughout July the strikes included around 150 enterprises, the PUWP authorities negotiated with each one separately. In many cases, it agreed to an increase in wages as a form of compensation for the new prices. Assuming that these means would satisfy the protesters and that the unrest would not spread, at the end of July, Gierek left for his annual holiday on the Crimea. Clearly, the leadership did not anticipate that the protest would reach the scale it grew to in August. By the end of the month, the strikes were coordinated across the country-wide movement, with its centre in the Gdańsk Shipyard.

Since the 1980s, scholars have been investigating the origins of this unprecedented mobilisation in Poland. They agree that the October 1978 choice of Karol Wojtyła, archbishop of Cracow, to be pope, and his visit to Poland in June 1979, enabled the mobilisation to take place. The results of the conclave took the PUWP leadership by surprise and presented it with a dilemma of how to face this new international and influential actor. However, in the spirit of its liberal approach and improvement in the relationship with the Catholic Church, it established contacts with John Paul II, and invited him to his homeland. While worrying about the political consequences, a good relationship with the pope also offered a chance of stronger legitimisation for the PUWP.⁵³⁴

The 'pope effect' was enormous. It strengthened the Polish church, triggered its new initiatives, and confirmed its critical place in organising communal life. Additionally, it stimulated closer cooperation between the church and dissidents. These groups could now rely on a strong and influential ally in the West. Masses organised on the occasion of the pope's visit in June 1979 reinforced the Polish sense of community and created a new symbolic language. Finally, John Paul II significantly undermined the authority of the PUWP, offering an alternative, and morally superior, point of reference.⁵³⁵

While this external event paved the way for the mass mobilisation, the protests of August 1980 in Gdańsk Shipyard emerged as a response to the firing of Anna Walentynowicz. Active already

⁵³⁴ Marcin Zaremba, 'Karol Wojtyła the Pope: Complications for Comrades of the Polish United Workers' Party', *Cold War History* 5:3 (2005): 317-36.

⁵³⁵ Zaremba, 'Zimno, ciepło, gorąco', 19-26; Jan Kubik, *The power of symbols against the symbols of power: the rise of Solidarity and the fall of state socialism in Poland* (University Park: Pennsylvania University Press, 1994), 129-52.

during the December 1970 events, since 1978 Walentynowicz was a member of the Free Trade Union of the Cost and faced harassment from the secret services. Lech Wałęsa shared a similar fate after being laid off from the Shipyard in 1976. Bringing these two activists back to work was one the first demands formulated by the demonstrators on the 14th of August 1980, alongside an increase of wages, construction of a monument honouring the victims of December 1970, and a guarantee of strike security. The main organiser of the strike, Bogdan Borusewicz, had from 1976 cooperated with KOR as well as with the Free Trade Union of the Cost. The two organisations had been in contact since 1978. KOR supported strikes in summer 1980 both on the spot and through transmitting information on events in Poland to the Western media. After the creation of the Inter-Enterprise Strike Committee (Międzyzakładowy Komitet Strajkowy, MKS), led by Wałęsa, workers from the Coastal region received support from intellectuals in Warsaw. The Expert Commission included Tadeusz Mazowiecki, a Catholic activist, Bronisław Geremek, an academic, and others, all known from their previous initiatives such as open letters to PUWP, independent discussion groups, and underground publications. Without well-organised and internationally known dissident groups, workers' strikes would have been less likely to transform into a countrywide civil society movement. The leadership's liberal domestic policy of the late 1970s laid the ground for the scale of the turmoil.

On the 17th of August, the MKS presented 21 demands. Unlike previous workers' demands, many of them went beyond wages. Among other items, the protesters demanded free trade unions, freedom of speech, the press, and publications, the release of political prisoners and the inclusion of all social classes in debates on the reform program. According to Daniel Thomas, the political character of workers' claims had its origins in the 'Helsinki effect', namely, the diffusion of human rights as international norms and their entrance into the political language of dissidents.⁵³⁶

Most of the demands, however, concerned domestic provision and quality of life and labour. Included were wage increases, an increase in the supply of products on domestic markets, and the abolishment of commercial shops as well as domestic export. This list indicates how the deteriorating quality of life in Poland in the second half of the 1970s contributed to the rise of frustration, especially among workers, who were often unable to purchase the more expensive products. The lack decisive response of the leadership to the deteriorating domestic supply and means implemented to counteract the crisis, which widened inequality, played a critical role in the rise of social discontent.

The demands also included free Saturdays, a lowered retirement age, and a decrease in the waiting period for apartments. The economic part of the 21 demands was thus not significantly

⁵³⁶ Thomas, *The Helsinki Effect*, 204-5.

different from the promises made by the new leadership after the events of December 1970. According to scholars who have studied *Solidarność*, fuelling social expectations and disregarding them later was another critical factor in the rise of this mass movement.⁵³⁷

Initially, the leadership hoped to continue its previous strategy of dealing with each enterprise independently, ignoring the MKS. In his public speech on the 18 August, Gierek asked for the renunciation of strikes in the name of saving Poland's economy and reasons of state, hinting the possibility of Soviet intervention. After these pleas went unanswered, he turned to personal reshufflings in the Politburo and government, which exposed long-suppressed conflicts and differences of view. Eventually, on the 23 of August Jagielski, representing the PUWP, opened negotiations with the MKS. The first of the 21 demands, which concerned legalising free trade unions, became a point of contention in the negotiations. When, on the 30 of August, the strikes had extended to include around 700,000 people and 700 enterprises, all represented by the MKS, the leadership eventually accepted all of the workers' demands.⁵³⁸ Only four days after this agreement, Gierek had a heart attack. The same day he was removed from the first secretary position and replaced by Kania. This change at the top formed part of a broader personnel replacement in the Politburo and the government, which resulted in the dismissal of almost the entire leadership from the 1970s.⁵³⁹

These events opened up a new chapter in the history of socialist Poland. *Solidarność*, officially established on the 17 September, became a permanent actor in Poland's domestic political scene and captured global attention. Within a year of its creation, *Solidarność* had almost 10 million members and country-wide structures. Despite personnel changes in the leadership, the PUWP experienced the biggest crisis in its history. Its numbers decreased, and its leadership experienced constant personal reshufflings and conflicts about the strategy of counteracting the crisis. At the same time, strikes in the summer further worsened the economic situation, and an acceptance of workers' demands completely undermined Poland's creditworthiness. The new leadership turned to Paris Club, gathering public creditors, and London Club, gathering private creditors, seeking debt rescheduling. In March 1981, Poland's bankers unofficially declared the country in default. Later, on 13 December

⁵³⁷ E.g. Ash, *The Polish revolution*, 13-34; Jadwiga Staniszkis, *Poland's self-limiting revolution* (Princeton: Princeton University Press, 1984), 50-88.

⁵³⁸ The Gdańsk Accords are the most famous one among five accords concluded between the PUWP leadership and the protesting workers. The other ones were concluded in Szczecin (on the 30 of August), in Wałbrzych (2 September), in Jastrzębie Zdrój (3 September) and in Dąbrowa Górnicza (11 September). Other agreements were also concluded between the workers and managers in specific enterprises.

⁵³⁹ For the summer 1980s events see e.g.: Anthony Kemp-Welch, *Poland under Communism. A Cold War History* (Cambridge: Cambridge University Press, 2008), 237-68; Anthony Kemp-Welch, *The Birth of Solidarity: The Gdańsk Negotiations* (1983, London: Palgrave MacMillan, 1992); Paczkowski, *The Spring will be Ours*, 400-10; Ash, *The Polish Revolution*.

1981, Jaruzelski proclaimed martial law to stabilise the domestic situation. The rise of Solidarność, the decline of the PUWP, and the de-facto bankruptcy were the three major processes which shaped Poland's history in the 1980s.

4.6. Conclusion

The fact that the leadership continued the strategy that it had introduced in the early 1970s until the end of the decade, despite signs of the impending crisis, is a paradox of Polish socialist history. As I have argued in this chapter, revising any elements of the agenda could have threatened other gains of the early 1970s. Applying a hard line in domestic policy would have undermined détente and carried the possibility of domestic upheavals, which could have negatively impacted the economy. On the other hand, a more liberal attitude risked tension with the Soviet Union and other socialist regimes. By the same token, seeking to reduce debt through closer cooperation with Western institutions or introducing severe austerity measures was deemed dangerous and destabilising. On top of that, choosing a radical solution risked antagonising a segment of the socialist elites.

Yet, reading the Polish leadership's actions solely as a response to these pressures would be shortsighted. The continuation of the existing strategy was also internally motivated. A liberal attitude, improving quality of life, accelerated economic growth, and opening towards the West were principal objectives of the 1970s leadership and features which characterised it. Renouncing these would have undermined the leadership's legitimacy and likely resulted in its dismissal. Additionally, the views and convictions of Gierek and his allies should not be completely dismissed, as historians are prone to do. Creating a more liberal and open socialist regime was a core goal of the new strategy, and there is no reason to suppose that its architects changed their mind as problems mounted. Despite the increasing challenges from various groups of the socialist elites, they defended their model and never questioned the idea of cooperation with the West. While hoping for broader room for political manoeuvre, economic sovereignty was a demand made only by the dogmatic faction of the PUWP and was mostly absent from the official narrative. Similarly, Poland's policy towards multilateral cooperation reveals a broad assumption that national interest could be best achieved through cooperation rather than independent action. These features strongly distinguished the Polish leadership from the Romanian one. It was the different mindset and attitude of the socialist elites in the two countries, rather than different circumstances, that undergirded this difference.

The 1970s leadership paid a high price for its commitment to the national strategy. Between 1976 and 1980, Poland's foreign debt doubled, societal discontent soared, and dissident organisations

grew more influential. In this sense, the external events of 1979 only speeded up regime's decline, which had been steady throughout the second half of the decade. The scale of the 1980 events had its origins in the status quo strategy.

The turmoil started in the summer resulted in the removal of almost all architects of the 1970s strategy and its public condemnation. Seeking means for restoring PUWP authority in circumstances of domestic crisis, the new leadership initiated a campaign against Gierek and his allies. The Supreme Chamber of Control, led by Moczar, sidelined after 1970, undertook a massive state functioning review in the 1970s. It laid the groundwork for an inter-PUWP commission, established in April 1981. 'Grabski's Commission', named for its leader, who was known for his critique of the political line from 1978, aimed to disclose abuses of power that occurred during Gierek's leadership. It sought to document corruption and nepotism practices, as well as the incompetence of the policymakers. The commission's report, which became publicly available, aimed to discredit the previous leadership and prove the good intentions of the new one. However, this strategy was not entirely successful, as powerful bodies in the PUWP still included many people active in the previous decade, including, most importantly, Kania and Jaruzelski.⁵⁴⁰

In June 1981, Gierek was removed from the PUWP and stripped of his pension. After the introduction of martial law on the 13 December 1981, many officials from the 1970s were detained. This group included Gierek, Jaroszewicz, Wrzaszczyk, Szydlak Babiuch, Grudzień, Lejczak and others. While these figures were supposed to face the newly reestablished State Tribunal, only Jaroszewicz and Wrzaszczyk actually did so; they were accused of causing Poland's indebtedness, of the abuse of plans, and of the manipulation of statistics. Other processes that took place in this period in regular courts involved more minor, individual crimes, above all corruption and nepotism. All of these accusations were cancelled with the amnesty announced on the 22 June 1984.⁵⁴¹

⁵⁴⁰ Pomian (ed.), *Protokoły tzw. Komisji Grabskiego*.

⁵⁴¹ Szumski, *Rozliczenie z ekipą Gierka*.

PART II – Licence agreements

5. Goals and expectations of licence policy

5.1. Introduction

Alongside the trade of machines, direct foreign investments, joint ventures, and expert cooperation, technological licence exchange forms a part of policies labelled as international technology transfers. Although the trade of patents has a long history, the international exchange of licences emerged as a large-scale phenomenon only after the Second World War, acquiring particular dynamism in the 1960s. This period witnessed a technological rise of the Western capitalist states and Japan, creating a substantial disproportion in global access to the newest inventions. This widening gap was the root of increasing acquisitions of Western technology by the countries of the Global South and by the socialist regimes. In the case of the latter, the process was facilitated by détente in international relations, which opened up new possibilities for technology exchanges, previously considered exclusively in terms of Cold War confrontation. The Coordinating Committee for Multilateral Exports Control (COCOM), created in 1949 with the purpose of limiting technology flow to socialist states, above all to the Soviet Union, started to loosen its embargo in the late 1950s.⁵⁴²

Annual global expenditures on technology purchases demonstrate the scale of these developments. According to an estimate by a Polish expert of licence policy, Jan Monkiewicz, the expenditures on licences worldwide in the early 1970s were twelve times higher than in 1953.⁵⁴³ Given that in the Stalinist period, the transfers of technology between capitalist and socialist countries was marginal, the inclusion of socialist regimes in technology exchanges contributed to their general increase. In terms of the number of concluded licence agreements, Yugoslavia was a leader among

⁵⁴² Gary Bertsch, 'Introduction', in Gary Bertsch (ed.), *Controlling East West Trade and Technology Transfer. Power, Politics, and Policies* (Durham and London: Duke University Press, 1988), 6-7; On COCOM see: Tor Egil Førland, *Cold economic warfare: Cocom and the forging of strategic export controls 1948-1954* (Dordrecht: Republic of Letters, 2010); Michael Mastanduno, *Economic Containment: CoCom and the Politics of East-West Trade* (Ithaca New York: Cornell University Press, 1992); Gary Bertsch, *East-West Strategic Trade. COCOM, and the Atlantic Alliance* (Paris: Atlantic Institute for International Affairs, 1983).

⁵⁴³ AAN, PISM 1738, 404, Jan Monkiewicz, *Operacje licencyjne a rozwój stosunków między Wschodem a Zachodem* (Warszawa: Polski Instytut Spraw Międzynarodowych, 1973), 8-9; also published: Jan Monkiewicz, *Operacje licencyjne w rozwoju stosunków gospodarczych między Wschodem a Zachodem* (Warszawa: Polski Instytut Spraw Międzynarodowych, 1974).

the European socialist states. By 1969, it had purchased over 1,000 technological solutions.⁵⁴⁴ Czechoslovakia, which in the same period acquired around 250 licences, was a frontrunner among the CMEA members. In the case of Poland, this number amounted to 177, with over half of these agreements concluded between 1966 and 1969.⁵⁴⁵

While in the late 1960s Poland increased its interest in technology transfers, it was not before the political changes of 1970 that licences became a cornerstone of the economic and political agenda. Already in May 1971, the Committee of Science and Technology prepared an analysis of the previous achievements of licence agreements and a proposal for the future of a licence policy. In May 1971, both the government and the Politburo discussed the document.⁵⁴⁶ With amendments from both bodies, the report became the basis for licence plans specified during the 6th PUWP Congress in December, which eventually entered the new Five Year Plan.⁵⁴⁷

While the general objective to reinvigorate the policy by purchasing ‘substantially more’ gained the support of the Politburo and the government, the division of duties between involved institutions triggered a debate.⁵⁴⁸ Works on improving the domestic apparatus responsible for foreign technology continued throughout the decade, exhibiting exceptional intensity in its early years. The government discussed the general management of licence policy, as well as the competences and internal structures of involved institutions. In December 1972, it issued a regulation concerning licence policy that remained in place for the whole of the 1970s.

According to the document, the central state institutions decided on the general direction of technological development. These central institutions were industrial ministries, above all the Ministry of Machine Industry, the Ministry of Chemical Industry, the Ministry of Heavy Industry, and the Ministry of Light Industry with industrial associations, which they supervised, as well as the Planning Commission and the Committee of Science and Technology. The last of these acquired particular importance, in 1972 becoming the Ministry of Science, Higher Education, and Technology.

⁵⁴⁴*Biuletyn Ekonomiczny*, Polska Agencja Prasowa 793, 3 February 1973, 19, cited after: AAN, PISM 1738, 404, Monkiewicz, *Operacje licencyjne*, 25.

⁵⁴⁵Ludwik Jankowiak, ‘Zagadnienie patentów i licencji w stosunkach gospodarczych Polski z krajami kapitalistycznymi’, *Poznańskie Roczniki Ekonomiczne* t. XXIII, 1972, 192 cited after: AAN, PISM 1738, 404, Monkiewicz, *Operacje licencyjne*, 43.

⁵⁴⁶AAN, URM 290, 5.4/20, ‘Protokół nr 12/71 z posiedzenia Prezydium Rządu’ (Protocol from Presidium of Government meeting), 14 May 1971; AAN, KC PZPR 1354, V/93, ‘Protokół nr 54 z posiedzenia Biura Politycznego’ (Protocol from Politburo meeting), 29 June 1971.

⁵⁴⁷AAN, KC PZPR 1354, V/100, ‘Główne proporcje’, 16.

⁵⁴⁸AAN, KC PZPR 1354, V/93, ‘Zamierzenia w zakresie polityki licencyjnej w latach 1971-1975’, 15.

Enterprises' duty, on the contrary, was to choose, implement, and develop a licence. These were also the entities responsible for the economic and technological effects of the purchases. The process of acquisition was carried out by the foreign trade enterprises, which functioned based on different rules than in other socialist regimes, and themselves went through a process of reorganisation in the early 1970s. Unlike in countries such as the Soviet Union, the foreign trade enterprise responsible for transfers of technology, Polservice, serviced only a tiny part of foreign transactions. Instead, all acquisitions which involved trade going beyond the transfer of technology were carried out by the foreign trade ventures dedicated to a specific sector.⁵⁴⁹ Moreover, the reform of foreign trade initiated already in the late 1960s, and introduced in 1971, moved half of the foreign trade enterprises from the jurisdiction of the Ministry of Foreign Trade to the specific industries. This reform aimed to improve the effectiveness of foreign trade through closer cooperation between the entities responsible for production and entities responsible for trade. Shifting competences concerning export and import from the Ministry of Foreign Trade to industrial ministries and associations continued in 1973 with the creation of the WOGs. However, the Ministry of Foreign Trade kept its role in the general coordination of foreign trade and supervision of the most significant transactions.

The substantial rise of the role of industries was a result of pressure arriving from these circles. From the first government meeting devoted to licences in May 1971, the industrial lobby called for an increase of its competences. Apart from choosing technology, it held that ministries, associations, and enterprises should be granted full liberty to decide on their budget and expenses in the West. The government, however, rejected these demands, claiming they would entail an overly high degree of decentralisation.⁵⁵⁰

While in general, in the early 1970s, the industrial ministries, associations, and enterprises broadened their competences, in the case of cooperation with the West, their actions remained under full scrutiny. In 1973, the Politburo introduced a regulation titled: 'On the coordination and organisation of Poland's foreign relations'. The document proclaimed the central place of the Politburo in supervising foreign policy, although reaffirming the leading role of the government in economic relations. Specifically, it stressed that the government takes all decisions concerning the acquisition of licences, as well as raising credits. The question of supervising licence policy was also mentioned with regard to almost all of state bodies cooperating with the West. Apart from the Ministry of Science, Higher Education, and Technology, the Planning Commission, and the Ministry of

⁵⁴⁹'Uchwała Rady Ministrów 311/72' (Council of Ministers decision), December 1972; AAN, PISM 1738, 404, Monkiewicz, *Operacje licencyjne*, 39-41; Leszek Jasiński, *Blżej centrum czy na peryferiach?*, 271-2.

⁵⁵⁰AAN, URM 290, 5.4/20, 'Protokół nr 12/71 z posiedzenia Prezydium Rządu' (Protocol from the Presidium of Government meeting), 14 May 1971, 23.

Foreign Trade, the competences in this respect were also given to the Ministry of Foreign Affairs and the Ministry of Interior, specifically to the intelligence bodies. The industrial ministries, while formally responsible for licence policy, were obliged to coordinate their action with the above-mentioned institutions.⁵⁵¹

Tensions concerning competences of institutions continued throughout the decade. But it was not only institutional power struggles that were at play. The involvement of so many different bodies in the same section of economic policy demonstrates the many different goals it aimed to tackle at the same time. Nevertheless, studies on licence policy usually look at it through the prism of a specific goal or a specific institution. This approach misses the multi-dimensional character of licence policy, which I demonstrate in this chapter. Specifically, I show that licence policy illuminates all the principal aspects of Poland's strategy from the 1970s, namely improvement of domestic quality of life, technological modernisation, engagement with the global economy, and securing détente in Europe. I unpack these goals as formulated in the early 1970s and explain in what sense drove licence policy. In each section, I characterise a specific goal, introduce its supporters and opponents, and assesses its relevance for shaping how the licence policy worked in practice.

5.2. Consumption

Polish historians often associate the massive imports of the licences with the idea of improving domestic consumption.⁵⁵² The growing international research on consumption in the socialist regimes reaffirms this standpoint. With a few notable exceptions, these new studies focus on the social and cultural notion of the consumption phenomenon, their assumption being that after Stalin's death, and especially after the events of 1968, the European socialist regimes aimed to improve the quality of life of their citizens to secure domestic rest.⁵⁵³ According to this logic, after 1970, Poland represents

⁵⁵¹AAN, KC PZPR 1354, V/122, 'Uchwała Biura Politycznego KC PZPR o zasadach koordynacji i organizacji stosunków PRL z zagranicą' (On the coordination and organisation of Poland's foreign relations), January 1973.

⁵⁵² E.g. Eisler, *Czterdzieści pięć lat*, 301.

⁵⁵³On consumption in the socialist regimes e.g.: Cristofer Scarboro, Diana Mincyté and Zsuzsa Gille (eds.), *The Socialist Good Life: Desire, Development, and Standards of Living in Eastern Europe* (Bloomington: Indiana University Press, 2020); Paul Betts, 'The Politics of Plenty: Consumerism in Communist Societies', in Stephen Smith (ed.), *The Oxford Handbook of the History of Communism* (Oxford: Oxford University Press, 2014), 424-38; Paulina Bren and Mary Neuburger (eds.), *Communism Unwrnyapped. Consumption in Cold War Eastern Europe* (Oxford: Oxford University Press, 2012); Mark Landsman, *Dictatorship and Demand: The Politics of Consumerism in East Germany* (Cambridge MA: Harvard University Press, 2005); David Crew (ed.), *Consuming Germany in the Cold War* (Oxford: Berg Publishers, 2003).

the clearest case of these practices.

Indeed, after Gierek's takeover, the new leadership declared consumption a main goal of production, and the idea of improving quality of life entered all corners of economic policymaking, licence policy included. A report issued by the Committee of Science and Technology from May 1971 strongly criticised previous imports of technology for its focus on means of production and overlooking consumer products. In fact, among 109 licenses bought between 1966 and 1970, only 17 fell under the consumer category. The new licence policy was supposed to reverse this trend.⁵⁵⁴ The report specifying plans for domestic distribution of industrialised products in 1971-5 further illustrate this point. According to the document: 'The increase in consumption and securing the perceptible improvement in the quality of life of working people are one of the primary goals of the current Five Year Plan. The production of material goods and exchange with the West are subordinated to this goal'. The report further specified that the value of domestic distribution of consumer goods was supposed to rise by 39 per cent by 1975.⁵⁵⁵ During the debate following the presentation of the report, many members of government further stressed the importance of the imports of Western technology for domestic consumption. For example, Henryk Kisiel, an economist, chairman of the Trade Bank and undersecretary of state in the Ministry of Finance, referred to the implementation of the newest technology in electromechanical industry as a 'decisive matter'.⁵⁵⁶

A long-term development plan prepared by the Planning Commission raised similar proposals. Pointing to the complex and diversified consumption of industrialised goods in Western European states, it called for a significant improvement in this field. It forecast that the level of consumption in Poland in 1990 would be slightly lower than in the United Kingdom, but higher than in Italy.⁵⁵⁷ While juxtaposing Poland with Western European economies, and setting them as an example to follow, the report stressed that the model of consumption of the socialist regimes should differ from the one existing in the capitalist countries. In Poland, consumption was supposed to focus on fulfilling the needs of society, enriching it culturally and maintaining its egalitarian character. Especially high-quality industrialised goods produced based on Western technology corresponded to these objectives. According to the report: 'The model of consumption should be characterised by [...] privileging the

⁵⁵⁴AAN, KC PZPR 1354, V/93, 'Zamierzenia w zakresie polityki licencyjnej w latach 1971-1975, 7-8.

⁵⁵⁵AAN, URM 290, 5.4/27, 'Założenia w sprawie dostaw przemysłowych artykułów rynkowych', 3.

⁵⁵⁶AAN, URM 290, 5.4/20, 'Protokół nr 12/71 z posiedzenia Prezydium Rządu' (Protocol from Presidium of Government meeting), 14 May 1971, 22-9.

⁵⁵⁷AAN, KC PZPR 1354, V/122, 'Wstępny projekt planu perspektywicznego do roku 1990', 166-7.

consumption of goods and services of the high quality and precise production in order to secure [...] the long-term use of products, beneficial for the consumer and the society as a whole'.⁵⁵⁸ The path towards this model involved rejecting the Western: 'irrational consumption model, emerging from exuberant markets and attempts at "manipulating" a consumer and creating in him fake needs', which 'results in acceleration of the circulation of the consumption goods, harming consumer, economy and global resources'.⁵⁵⁹ In this sense, the report juxtaposed the 'rational' consumption of the socialist states with the 'fetishised' consumption existing in capitalist societies. Such logic existed at the time in all socialist regimes, enabling its leaders to implement a consumption-oriented economic model in spite of its ideologically problematic implications.⁵⁶⁰

Although in the period of de-Stalinisation the turn towards consumption occurred in all European socialist regimes, in Poland in the 1970s it had an especially explicit character, becoming the principal objective of the new leadership. This difference reportedly often became a point of contention with the Soviet Union, which was critical of ideological deviations.⁵⁶¹ For this reason, the question of conceptualising and rationalising the socialist consumption model remained a critical task. The debate on the 'socialist model of consumption', which in the late 1960s exposed the inadequacy of domestic distribution and encouraged improvements in this field, continued in the 1970s. As before, it explored the differences between the capitalist and the socialist models, implying that with the right attitude, the downsides of the former could be avoided in the latter.⁵⁶² However, not all experts shared this belief. Rurarz, the first secretary advisor between 1971 and 1972, in his report on Poland's development strategy from 1971, doubted whether an alternative consumption model was possible.⁵⁶³

Moreover, the focus on consumption raised concerns that went beyond socialist society and related to a confrontation with capitalism. The diplomat Stanisław Trepczyński raised this problem during a meeting devoted to foreign policy during the 6th PUWP Congress in December 1971. When discussing the new character of the ideological confrontation with capitalism under circumstances of

⁵⁵⁸AAN, KC PZPR 1354, V/122, 'Wstępny projekt planu perspektywicznego do roku 1990', 36.

⁵⁵⁹AAN, KC PZPR 1354, V/122, 'Wstępny projekt planu perspektywicznego do roku 1990', 51.

⁵⁶⁰E.g. Elitza Stanoeva, 'Inventing the socialist consumer: worker, citizen or customer? Politics of mass consumption in Bulgaria, 1954-1960', in Krzysztof Brzechczyn (ed.), *New perspectives in transnational history of communism in East Central Europe* (Berlin: Peter Lang, 2019), 173.

⁵⁶¹E.g. Tejcma, *Odszedł Gomułka*, 52; Rakowski, *Dzienniki 1972-1975*, 163; Rurarz, *Byłem doradcą Gierka*, 157.

⁵⁶²E.g. Ryszard Zbarzewski, 'W sprawie socjalistycznego wzorca konsumpcji', *Nowe drogi* 3 (1975), 98-103; Jan Szczepański, 'Przesłanki konstruowania wzorca konsumpcji', *Nowe drogi* 4 (1975), 70-8.

⁵⁶³AAN, KC PZPR 1354, XIA/1172, 'Koncepcje Rozwoju Gospodarczego Polski w latach 1971-1995', 16.

peaceful coexistence, he pointed out:

We use economic aspects and material results to assess capitalism and socialism. I think it is a dangerous simplification to reduce the outcomes of systems rivalry to the number of produced fridges, TV-sets and cars, and so on. This inevitably leads to assessing socialism based on consumption criteria, considered in the West a main measure of value. Accepting these criteria, at least at the current stage, would lead us into an inferiority complex, which both Western propaganda and our domestic blockheads dazzled by the West try to impose on us.⁵⁶⁴

Within the broader ideological concern related to consumption, the idea of producing and massively distributing Western industrialised goods was especially problematic. License agreements concluded with Western companies usually obliged Polish producers to include the original name of the company on the product. This not only acquainted Polish consumers with goods representing Western capitalism but also send a clear signal that the products of highest quality usually came from the West. Rakowski pointed to this danger during a meeting of the PUWP Ideological Commission in 1970:

I have been wondering how we are supposed to continue our ideological activity and maintain our narrative if we are aware that there are substantial differences between us and the developed capitalist countries concerning technological development, the efficiency of production etc. How in this disadvantageous position are we supposed to fight for people's minds? [...] Every machine arriving from the FRG or Britain has an ideological passport, ideological because it represents a specific system and reflects its technological advancement. Such a machine standing next to ours, sometimes less sophisticated, less efficient, might trigger reflection for the person using it.⁵⁶⁵

This reasoning was at the heart of censorship restrictions for Western licences. According to Tomasz Stryżewski, a former employee of the Main Office of Control of the Press, Publications and

⁵⁶⁴AAN, KC PZPR 1354, I/95, 'Stenogram VI Zjazdu PZPR, Zespół 19 Problemy polityki międzynarodowej' (Minutes from 6th PUWP Congress), 8 December 1971, 21-2.

⁵⁶⁵Dyskusja z udziałem: Jana Durko, Henryka Jabłońskiego, Jana Zygmunta Jakubowskiego, Norberta Kołomejczyka, Marciana Żychowskiego, Ryszarda Gradowskiego, Jana Korczaka, Włodzimierza Wesółowskiego, Mariana Naszkowskiego, Mieczysława Rakowskiego, Wiesława Rogowskiego, Macieja Szczepańskiego, Tadeusza Jaroszewskiego, Ludwika Siedlickiego Augustyna Wajdy i Stanisława Widerszpila, 'Z obrad Komisji Ideologicznej KC PZPR', *Nowe Drogi* 3 (1970), 112.

Public Performances⁵⁶⁶, who published documents listing the main censorship recommendations in 1977 in London, this topic attracted particular attention. The document cited by the author stated:

All information regarding licences which Poland buys from capitalist countries should be eliminated from the mass media. It is permitted, however, to briefly mention widely known license-based products such as Leyland engines, Jones cranes, Fiat cars, Berliet buses, and Grundig tape recorders. Nevertheless, information concerning the extension of cooperation with those companies should be removed.⁵⁶⁷

While this concern aimed to restrict the public manifestation of consumer culture, its success was minimal. Debates on the ideological flaws of the new economic policy took place only on rare occasions, such as PUWP congresses, and involved only intellectually minded PUWP members. In contrast, the topic never came up during government discussions. Moreover, the objective of non-popularising the consumption products went against economic logic, endangering the fragile and complex goods-distribution system in the socialist economies.

Mark Landsman and Elitza Stanoeva have already brought to light this clash of economic and ideological interest for the GDR and Bulgaria respectively. Their studies show how against officially proclaimed objectives, the state agents responsible for the domestic distribution of goods used typical marketing strategies to fuel the consumption desires of socialist societies.⁵⁶⁸ Indeed, Western practices of ‘manipulating a consumer’ offered a remedy for a principal problem of centrally planned economies, namely, the correspondence between production and demand.

While discussing the plan for the distribution of goods for the next five years in November 1971, the members of the Presidium of Government openly declared the need to effectively ‘shape demand’. According to a report prepared for the meeting by the Planning Commission, the manipulation of prices was a principal means of achieving this goal. For example, substantially lowering prices for goods in stock was supposed to secure their distribution. As proposed by Stanisław Wyłupek, undersecretary of state in the Ministry of Machine Industry, lowering prices for goods such as radios and TV sets would encourage sales and thus production. Vice Prime Minister Eugeniusz Szyr further stressed this point, claiming that prices for these kinds of goods need to be lower due to technological development and in order to convince consumers to buy new, more expensive products. Moreover, he called for using marketing means to secure a constant demand.⁵⁶⁹

⁵⁶⁶ Główny Urząd Kontroli Prasy, Publikacji i Widowisk.

⁵⁶⁷ Strzyżewski (ed.), *Czarna księga*, 36.

⁵⁶⁸ Stanoeva, ‘Inventing the socialist consumer’, 171-98; Landsman, *Dictatorship and demand*, 10.

⁵⁶⁹ AAN, URM 290, 5.4/27, ‘Protokół nr 33/71 z posiedzenia Prezydium Rządu’ (Protocol from Presidium of Government meeting), 26 November 1971, 1-9.

Such ideas were regularly expressed in documents and debates on domestic distribution. A report on the progress of the Five Year Plan prepared by the Ministry of Domestic Trade and Services in July 1972 included an appendix entitled: 'Means undertaken in 1972 for the active shaping of the market'. The document stated: 'The main effort of trade is to intensify the sale of products of sufficient supply (...) above all durable goods like mechanical household products'. It further described strategies implemented to 'stimulate the needs', such as 'direct visual contact between consumer and product' and 'seasonal sales'. Finally, the documents characterised the practices of the Ministry of Domestic Trade and Services as: 'coordinated advertisement campaigns [...] relying on all accessible means'.⁵⁷⁰ The rising academic interest in marketing stimulated increasingly elaborated campaigns introduced in Poland. While officially studying the Western experience in this field with the purpose of improving Poland's chances in international markets, the research and publications on marketing practices resonated in the domestic context.⁵⁷¹

Even though the license policy declared consumption as its main goal, plans concerning licence policy and economic cooperation with the West did not envisage the agents of domestic distribution as having a major role in purchases of technology. Similarly, the government rarely discussed reports on domestic needs in relation to licences. While presumably, in the process of decision-making the industrial ministries, above all the Ministry of Machine Industry and its associations, represented the interest of consumers, it was only one of a number of objectives of these entities. Although improving domestic consumption was an important driver of licence policy, it was certainly not the only one.

5.3. Technology modernisation

Technological development occupied a central place in Marxist ideology. Considered a force of progress towards a communist society, it became a main objective of the Soviet Union and other countries that introduced the socialist model. The rise of Cold War competition between the two systems further amplified the importance of technological and scientific progress worldwide. As such, the idea of development in this field was inscribed into the policymaking of the socialist states.

⁵⁷⁰AAN, KC PZPR 1354, V/106, 'Informacja o środkach podejmowanych przez handel w 1972 dla aktywnego kształtowania sytuacji rynkowej' (On means undertaken to shape domestic market), Report by Ministry of Domestic Trade and Services, July 1972, 1-5.

⁵⁷¹Eg. Stanisław Długosz, 'Marketing socjalistycznego przedsiębiorstwa h.z. na rynku rozwiniętych krajów kapitalistycznych', *Handel Zagraniczny* 10 (1971), 362-6; Jan Fichna and Andrzej Malinowski, 'Rola targów międzynarodowych w marketingu', *Handel Zagraniczny* 7 (1972), 256-8; Stanisław Długosz, 'Niektóre aspekty marketingu w ujęciu handlu zagranicznym', *Handel Zagraniczny* 3 (1974), 103-6; Stanisław Szczypiorski, 'Znaczenie działań marketingowych w obrocie licencjami', *Handel Zagraniczny* 4 (1976), 27-9; Zygmunt Fltyński, 'Dyskusja o marketing. Marketing w gospodarce socjalistycznej', *Rynki Zagraniczne*, 1 June 1972, 3.

Since the Second World War, the European socialist regimes had coordinated their technological policy with each other and, above all, with the Soviet Union, in the framework of the CMEA and Warsaw Pact. The division of specialisations among the organisation members influenced the direction of technological development of each state and stimulated it. Also, within the CMEA, many technologies travelled freely, especially from the socialist regimes to the Soviet Union. Although this concerned above all the 1950s, in the 1970s, the Soviet Union still intervened in some Polish decisions on technology acquisitions. As recalled in the memoirs from the decade, Poland sometimes transferred purchased Western technologies to the Soviet Union.⁵⁷²

However, recent literature, which broadened the picture of technology in the Cold War from a focus on superpowers and nuclear weapons to smaller states and other types of technologies, has revealed that the relationship between the Soviet Union and other socialist regimes should not be considered exclusively in colonial terms. Smaller socialist states, scholarship has shown, not only skilfully profited from the Soviet scientific advantage but also used technology for loosening their dependence on the superpower. Technology, rather than being a factor fostering socialist integration and cohesion, became a weapon of national interest.⁵⁷³ In Poland, too, this logic further drove the idea of technological development. Given the ideological imperative, the Soviet Union's interventions in Polish affairs, and Poland's national ambitions, the acquisition of foreign technology was not only a means for satisfying consumers and increasing economic performance but also a goal as such.

The widespread sentiment of 'backwardness' in the late Gomułka period was an important driver for the reversal of national strategy. Calls for technological modernisation came from different factions in the socialist elites, including, above all, academic experts and industrial apparatus. In the early 1970s, internal documents as well as academic publications admitted that Western countries had overtaken the socialist states in terms of technological development. Apart from a disadvantageous 'historical distribution of production forces', the technological backwardness was associated with shortcomings of previously executed policy.⁵⁷⁴

A report prepared by the Committee of Science and Technology from May 1971, while praising

⁵⁷² Jaroszewicz and Roliński, *Przerywam milczenie...*, 179.

⁵⁷³ E.g. Sonja Schmid, 'Nuclear Colonization? Soviet Technopolitics in the Second World', in Gabrielle Hecht (ed.), *Entangled Geographies. Empire and Technopolitics in the Global Cold War* (Cambridge MA and London: MIT Press, 2011), 125-54.

⁵⁷⁴ AAN, KC PZPR 1354, V/113, 'Kierunki doskonalenia polityki licencyjnej' (Directions for improving licence policy), Report by the Ministry of Science, Higher Education and Technology and representatives of industries for Politburo, February 1973, 1; Ryszard Cheliński, 'Zwrot w gospodarce', *Nowe Drogi* 6 (1971), 2-14.

the positive effects of licences acquired in the previous decade, pointed out the shortcomings in their choice, implementation, and development. As the document stated: 'Regardless of the diligent analysis of technology proposals by the Committee of Science and Technology and the Planning Commission missed purchases and 'unmodern' choices were made'.⁵⁷⁵ The report devoted a special section to the long period of implementation, considering it one of the major flaws of the policy: 'this situation makes licenced products less attractive and modern, and the costs of production (in the circumstances of lowering its volume) become so high that production becomes less effective than assumed'.⁵⁷⁶ Indeed, according to the statistical analysis attached to the report, the average period of technology implementation amounted to 2-3 years in the Ministry of Machine Industry, 3-4 years in the Ministry of Heavy Industry, and 5-6 years in the Ministry of Chemical Industry.⁵⁷⁷ Some of the licences bought in the mid-1960s still remained unimplemented in the early 1970s. The report prepared by the Supreme Chamber of Control and presented to the Politburo in May 1971 also fiercely criticised these aspects of licence policy. Having conducted control of one-fourth of licences acquired between 1966 and 1970, the Supreme Chamber of Control revealed that 'the role of time has not been appreciated'.⁵⁷⁸ The report compared Poland with highly developed capitalist countries, claiming that, in these, a licence acquisition brings effects within 2-2.5 years, while in Poland this was the time it took to negotiate an agreement with a technology provider. The Supreme Chamber of Control also criticised the technological apparatus, which in its view was 'unaware of global technology and trends in its development, and was unprepared to make decisions about licences'. As the report pointed out, this factor also limited the subsequent enhancement of acquired licences, often resulting in the need to rebuy similar technology.⁵⁷⁹

The criticism of domestic technological capacities put forward in the reports from 1971 became an inspiration for the newly defined licence policy. On the one hand, its technological aspects were supposed to receive more detailed attention. On the other hand, buying more licences, considered 'carriers of progress', was envisaged as a means to boost Poland's technology and the scientific

⁵⁷⁵AAN, KC PZPR 1354, V/93, 'Zamierzenia w zakresie polityki licencyjnej w latach 1971-1975', 8.

⁵⁷⁶AAN, KC PZPR 1354, V/93, 'Zamierzenia w zakresie polityki licencyjnej w latach 1971-1975', 9.

⁵⁷⁷AAN, URM 290, 5.4/20, 'Ocena wykorzystania licencji w przemyśle maszynowym Ministerstw Przemysłu Ciężkiego i Przemysłu Maszynowego oraz wnioski w sprawie polityki licencyjnej na lata 1971-1975' (Assessments of licences implemented in heavy and machine industry and conclusions for the licence policy 1971-1975), Report by Ministry of Machine Industry and Ministry of Heavy Industry for government, May 1971, 2.

⁵⁷⁸AAN, KC PZPR 1354, V/93, 'Informacja wstępna w sprawie realizacji polityki licencyjnej' (preliminary information on licence policy), Supreme Chamber of Control report for government, May 1971, 5.

⁵⁷⁹AAN, KC PZPR 1354, V/93, 'Informacja wstępna w sprawie realizacji polityki licencyjnej', 4.

apparatus behind it.⁵⁸⁰ The report of licence policy for the Politburo and government considered ‘the effects on improving domestic scientific apparatus’ one of the principal criteria for deciding on acquisitions of technology.⁵⁸¹ The guidelines for developing cooperation agreements prepared by the Planning Commission and accepted by the government in August 1971, also identified access to the newest technological inventions as one of the chief advantages of the policy. Specifically, the document stressed that cooperation agreements could: ‘allow Poland to participate in research in the leading centres’.

The positive influence of licences on Polish science and technology was an underlying assumption of the long-term strategy. The domestic study and development of each acquired licence was intended to reduce the need to rebuy similar technology soon. Moreover, thanks to the massive import of Western technology, Poland was expected to become a technology exporter. In the early 1970s, the position of socialist states in the global technology market was not very strong. A report titled, ‘Directions of improving licence policy’, prepared for the Politburo and government by the Ministry of Science, Higher Education and Technology in February 1973, called for reversing this trend: ‘We buy, and we will continue buying, licences also because the deepening social division of labour leads to increasing specialisation in technology. This means that even countries at a similar level of development are not self-sufficient but buy and sell licences. Also, our country intends to go in this direction’⁵⁸². For this reason, reports on licences included a section on the sale of Poland’s technology and government independently debated technology exports.⁵⁸³ The Japanese model of development stood behind big expectations concerning licence policy. Reports and analysis on licensees, as well as politicians during the internal debates, named Japan as a country that, through massive imports of technology after the Second World War, itself became a technological giant.⁵⁸⁴

The importance of technology for the national strategy of the 1970s, and its link with domestic scientific development, resulted in the upgrading of the Committee of the Science and Technology to

⁵⁸⁰AAN, KC PZPR 1354, V/93, ‘Zamierzenia w zakresie polityki licencyjnej w latach 1971-1975’, 8.

⁵⁸¹AAN, URM 290, 5.4/20, ‘Zamierzenia w zakresie polityki licencyjnej w latach 1971-1975 na tle dotychczasowych wyników wykorzystania zakupów licencyjnych w krajach kapitalistycznych’, Committee of Science and Technology to government, May 1971, 2.

⁵⁸²AAN, KC PZPR 1354, V/113, ‘Kierunki doskonalenia polityki licencyjnej’, 1-2.

⁵⁸³AAN, URM 290, 5.4/64, ‘Zapis przebiegu obrad posiedzenia Prezydium Rządu’ (Minutes from Presidium of Government meeting), 2 November 1973, 180-214.

⁵⁸⁴E.g. AAN, KC PZPR 1354, XIA/1172, ‘Koncepcje Rozwoju Gospodarczego Polski w latach 1971-1995’, 24; AAN, URM 290, 5.4/64, ‘Zapis przebiegu obrad posiedzenia Prezydium Rządu’ (Minutes from Presidium of Government meeting), 2 November 1974, 210.

the Ministry of Science, Higher Education, and Technology. Supervision of licence policy became one of the critical tasks of the new entity. Already its predecessor was responsible for: ‘verifying the modernity of proposed acquisitions and their correlation with domestic research’.⁵⁸⁵ The new ministry was supposed to supervise all new investments and grant to them ‘modernity clauses’, confirming their highest level of technological development.⁵⁸⁶ Jan Kaczmarek, an engineer and an academic in the Polish Academy of Sciences, became first minister of science, higher education, and technology. While strongly supporting technology transfers, in internal debates he drew attention to the need for improvement of the domestic scientific apparatus and coordinating licence policy with it.⁵⁸⁷ He became one of the ministers most responsible for shaping the direction of licence policy in the early 1970s.

However, the Ministry of Science, Higher Education, and Technology was not the only entity that concerned itself with the technological aspects of licence policy. The industrial ministries as well as the industrial associations and the factories subordinated to them were always interested in acquiring licences of the highest technological quality. From their perspective, modern licences signified an increase of funds, production, prestige, and significance in internal politics.⁵⁸⁸ It was for this reason that the policy of ‘selective development’ introduced in the late 1960s by Gomułka and his allies had gotten backlash from the unprivileged industrial sectors.⁵⁸⁹ The revised national strategy, by contrast, offered new possibilities for all industries. The career of Wrzaszczyk, who became minister of machine industry after being head of the Association of Automobile Industry Polmo, epitomised the influence of the industrial lobby and its leading role in the national strategy of the 1970s. Alongside other industrial ministers, he pushed for more funds for new investments, and for modernising older ones. Wrzaszczyk, however, is recalled as most successful in executing ‘investment pressure’ among the other ministers. According to Bożyk, Gierek’s advisor:

⁵⁸⁵AAN, URM 290, 5.4/20, ‘Zamierzenia w zakresie polityki licencyjnej w latach 1971-1975 na tle dotychczasowych wyników wykorzystania zakupów licencyjnych w krajach kapitalistycznych’, Committee of Science and Technology to government, May 1971, 12.

⁵⁸⁶AAN, URM 290, 5.4/37, ‘Program działalności MNSzWiT w zakresie tworzenia warunków dla rozwoju nauki i techniki oraz przygotowania kadr z wykształceniem wyższym dla gospodarki narodowej’ (Program of Ministry of Science, Higher Education and Technology activity), Ministry of Science, Higher Education and Technology report for government, July 1972, 48.

⁵⁸⁷AAN, URM 290, 5.4/30, ‘Protokół nr 6/72 z posiedzenia Prezydium Rządu’ (Protocol from Presidium of Government meeting), 10 February 1972, 16.

⁵⁸⁸ Kotowicz-Jawor, *Presja inwestycyjna*; Józef Pajestka, *Determinanty Postępu: czynniki i współzależności rozwoju społeczno-gospodarczego* (Państwowe Wydawnictwo Naukowe: Warszawa, 1975); Rurarz, *Byłem doradcą Gierka*, 65.

⁵⁸⁹ Dwilewicz, ‘Reformy Bolesława Jaszczuka’, 107.

‘He [Wrzaszczyk] received the most significant funds for investments and was supported by almost all of vice prime ministers. He could convince even the most resistant ones’.⁵⁹⁰ Indeed, already the Five Year Plan for 1971-5 doubled expenditures for the Ministry of Machine Industry when compared with the previous decade.⁵⁹¹ In this sense, the industries, and Wrzaszczyk personally, played a critical role in accelerating licence purchases.

At the same time, transfers of technology were also of interest to the Ministry of Interior, specifically for intelligence. Given the strategic importance of technology and the significant restrictions on its sale imposed by the COCOM, illegitimate methods of acquiring specific solutions were prevalent in socialist states.⁵⁹² In the 1990s, Gierek admitted to having relied on intelligence in his program of modernisation.⁵⁹³ Indeed, during his tenure as a first secretary, the role of secret service in licence policy substantially increased. As in other state bodies, the idea of strengthening economic and technological exchange with the West inspired an institutional reorganisation in the Ministry of Interior. Instead of one committee devoted to economic, scientific, and technical penetration of capitalist countries, small units associated with specific ministries and industrial associations were created. These undercover units functioned in close cooperation with industries and supported their goals. In practice, this meant facilitating negotiations with technology providers through their invigilation, or stealing parts of desired solutions. The most important and effective of these undercover units was ‘Sputnik’ in the Ministry of Machine Industry.⁵⁹⁴ While strengthening the role of specific industries, the reorganisation of technological intelligence also permitted greater control over the practices of cooperation with Western companies. Moreover, intelligence was also

⁵⁹⁰ Bożyk, *Marzenia i rzeczywistość*, 54.

⁵⁹¹ Jastrzab, ‘Fiat’s small cars’, 42.

⁵⁹² Victor Petrov, *A Cyber-Socialism at Home and Abroad: Bulgarian Modernisation, Computers, and the World 1967-1989*, PhD Diss, Columbia University, 2017; Kristie Macrakis, ‘Does Effective Espionage Lead to Success in Science and Technology? Lessons from the East German Ministry for State Security’, *Intelligence and National Security* 19:1 (2004): 52-77.

⁵⁹³ Gierek and Rolicki, *Replika: wywiad rzeka*, 119-20.

⁵⁹⁴ On Security Service in 1970: Krzysztof Bagieński, ‘Wkład wywiadu gospodarczego w rozwój przemysłowy w dekadzie Gierka’, in Krzysztof Rybiński (ed.), *Dekada Gierka. Wnioski dla obecnego okresu modernizacji Polski* (Warszawa: Akademia Finansów i Biznesu Vistula, 2011), 60; Andrzej Paczkowski, ‘Rezydentura wywiadu MSW w Ministerstwie Przemysłu Maszynowego (1971-1983)’, in Robert Klementoski (ed.), *Budujemy socjalizm: materiały pokonferencyjne* (Wrocław: Instytut Pamięci Narodowej, 2010), 5; Zbigniew Siemiątkowski, *Wywiad a władza. Wywiad cywilny w systemie sprawowania władzy politycznej PRL* (Warszawa: Aspra, 2009), 72; Mirosław Sikora, ‘Cooperating with Moscow, Stealing in California: Poland’s Legal and Illicit Acquisition of Microelectronics Knowhow from 1960 to 1990’, in Christopher Leslie and Martin Schmitt (eds.), *Histories of Computing in Eastern Europe* (New York: Springer, 2019), 165-95; Mirosław Sikora, ‘Wywiad MSW jako instrument wsparcia polskiego przemysłu mikroelektrycznego w latach 1971-1990’, in Mirosław Sikora (ed.), *High-tech za żelazną kurtyną. Elektronika, komputery i systemy sterowania w PRL* (Katowice: Instytut Pamięci Narodowej, 2017), 657- 80.

responsible for undercover cooperation between the CMEA and Warsaw Pact members.

The Ministry of Science, Higher Education, and Technology, the industrial ministries and associations, as well as intelligence, all attached substantial value to scientific modernisation and to the technological excellence of acquired technologies. Throughout the decade, their appetite for new technology drove and accelerated licence policy. However, acquisitions of technology, and especially the expected scientific boost, worried some of the socialist elites.

Coordination of foreign technology with domestic research was a cardinal challenge of licence policy. Kaczmarek regularly stressed that success of licence policy depended upon such coordination. Experts such as Monkiewicz insisted that the purchase of licences could not be made outside of a broader strategy of technological modernisation.⁵⁹⁵ Concern was raised especially in relation to the most expensive licences, representing cutting-edge inventions. Officials from the decade, including Bożyk, recall a strong scepticism regarding high-tech purchases, assuming them impossible to develop in Poland.⁵⁹⁶

Killing local innovation was another peril of the massive import of foreign technology. Indeed, each decision to purchase a licence abroad signified the reduction of funds for domestic research, which inevitably caused discontent among Polish engineers and constructors. The remark added by the Politburo to a major report on licence policy from May 1971 confirms this phenomenon: ‘To overcome difficulties in mastering the licence production, the tasks need to be carried out by experts and managers eager to implement new technology [...]. At the same time, people not interested in implementing new types of production should be moved to different positions.’⁵⁹⁷

From an ideological perspective, though, scientific and technological exchange with the West did not raise objections. Szydlak, one of the closest allies of Gierek, noted this during a meeting with representatives of the PUWP Central Committee: ‘opening the economy towards effects of science and technological progress, regardless of their origins, is not in conflict with the principles of Marxism-Leninism, as correctly understood. On the contrary, it constitutes an integral part of the creative development of this ideological system’.⁵⁹⁸ Framing technological cooperation between different systems as an objective of socialist regimes, declared openly, for example, during the Helsinki Conference, also allowed the finger of blame to be pointed at capitalist countries for the limited scope of this cooperation. According to this narrative, the West, interested in securing its

⁵⁹⁵AAN, PISM 1738, 404, Monkiewicz, *Operacje licencyjne*, 73.

⁵⁹⁶Bożyk, *Marzenia i rzeczywistość*, 66-76.

⁵⁹⁷AAN, KC PZPR 1354, V/93, ‘Protokół nr 54 z posiedzenia Biura Politycznego’, 2.

⁵⁹⁸AAN, KC PZPR 1354, XIA/415, ‘Stenogram z drugiego spotkania kierowniczych grup pracowników Komitetu Centralnego’, 263.

supremacy, impeded the rest of the world from gaining access to the newest technology. In this sense, the official narrative of Poland and other socialist regimes strongly corresponded with one that the Global South countries vocalised at the time in the forum of UNCTAD.

Given the lack of ideological limitation, the leadership in the 1970s, and most notably the first secretary himself, took advantage of Western technology to improve their image. Production of modern technology in Poland confirmed their technocratic outlook and the effectiveness of their policy. Gierek's regular visits to factories, which received solid press coverage, became one of the main aspects of the 1970s 'propaganda of success'.⁵⁹⁹ During his ten years as PUWP first secretary, he made 377 such visits.⁶⁰⁰ Despite censorship restrictions, on these occasions, modern Western technologies were often touted in the newspapers. The modernity promises of the leadership, which became an important source of PUWP legitimisation, not only drove licence transfers but also privileged high-quality purchases.

5.4. Foreign trade

Apart from securing domestic consumption and technological development, the licence policy formed part of the goal of increasing economic cooperation with the West. Reports defining the new strategy stated that the country should execute 'a more open policy towards the global markets'⁶⁰¹ and, to that end, 'increase the level of interaction between Polish and international economy'⁶⁰². Licenses aligned well with this goal, usually going beyond the simple transfer of technology and including additional agreements on foreign loans, imports, and exports.

Credits for purchase, implementation, and development of foreign technology were usually highly beneficial. In the early 1970s, the interest rates for such long-term, investment loans were lower than for financial credits. Moreover, Western European states were eager to guarantee such loans. From their perspective, opening a beneficial credit line strengthened the position of national companies in the competition for socialist clients, and the long-term character of license cooperation guaranteed continuous purchases. Encouraged by these favourable conditions, Polish central state

⁵⁹⁹ Zaremba, 'Propaganda Sukcesu', 29.

⁶⁰⁰ AAN, KC PZPR, XIA/646, k. 40, 59 cited after: Zaremba, "Bigosowy socjalizm", 189.

⁶⁰¹ AAN, KC PZPR 1354, V/122, 'Wstępny projekt planu perspektywicznego do roku 1990', 27.

⁶⁰² AAN, MHZ 351, 33/11, 'Zadania Departamentu Traktatów II w nowej strukturze organizacyjnej resortu handlu zagranicznego' (Tasks for Department of Treaties), 3 March 1971, 1.

institutions such as the Planning Commission, the Ministry of Foreign Trade, and the Ministry of Finance recommended relying on big, long-term investment credit lines, which usually involved the purchase of technology.⁶⁰³

Even more importantly, the implementation of foreign licenses carried export opportunities. However, in the early 1970s, the contribution of license-based products in Poland's exports revenues was not very significant. In 1971, these goods were 4.4 per cent of Poland's overall exports and 2.7 per cent of Poland's exports to capitalist countries. Reports on license policy from the early 1970s assessed its profitability as insufficient and called for a 'pro-export orientation of license-based production'.⁶⁰⁴ They also recommended 'choosing sectors in which our industry could specialise and effectively compete on global markets'.⁶⁰⁵ Experts from the state bodies and academics regularly debated mathematical models that could verify the profitability of acquired technologies with anticipated export revenues as one of the critical variables.⁶⁰⁶ According to the plans, the contribution of license goods in overall export was expected to significantly increase, especially in the case of the Ministry of Machine Industry. Already in 1971, 16.4 per cent of its exports to capitalist states consisted of licensed products, and by 1975 this number was supposed to reach 30 per cent.⁶⁰⁷

Trading with industrial goods or components formed part of a broader goal on the composition of Poland's exports. In all socialist regimes, exports to capitalist countries included above all raw materials and agricultural products. Despite being responsible for over 30 per cent of global industrial production, jointly with other non-OECD states, their participation in global exports of machines did not exceed 3 per cent in 1970.⁶⁰⁸ According to the Polish leadership, it was high time to increase exports of manufactured goods. The idea of 'moving to the second phase of industrialisation', reiterated by economic experts since the late 1960s, underlay the calls for a more export-oriented license policy.⁶⁰⁹ In light of the fluctuation of resources prices in the global markets in the 1970s, this objective acquired even more importance.

Cooperation agreements were the best available way to combine beneficial credit lines with

⁶⁰³AAN, KC PZPR 1354, V/93, 'Zasady polityki kredytowej', 8-11.

⁶⁰⁴AAN, KC PZPR 1354, V/113, 'Kierunki doskonalenia polityki licencyjnej', 14-5.

⁶⁰⁵AAN, KC PZPR 1354, V/113, 'Kierunki doskonalenia polityki licencyjnej', 23.

⁶⁰⁶E.g. AAN, KC PZPR 1354, V/113, 'Ocena Ekonomicznej opłacalności zakupu licencji /zarys metody/' (Economic assessment of licence profitability), Report by the Planning Institute for Politburo, February 1973; Wojciech Brzost and Tadeusz Stolarzewski, 'Zakup licencji a funkcja poziomu techniki', *Handel Zagraniczny* 1 (1973), 10-12; Adolf Podgórski, 'Metodyka rachunku ekonomicznego efektywności zakupu licencji', *Handel Zagraniczny* 11 (1971), 397-401.

⁶⁰⁷AAN, KC PZPR 1354, V/113, 'Kierunki doskonalenia polityki licencyjnej', 15.

⁶⁰⁸Józef Wierzbowski, 'Rynek maszyn i urządzeń rozwiniętych krajów kapitalistycznych- możliwości do wykorzystania', *Handel Zagraniczny* 4 (1971), 130.

⁶⁰⁹E.g. Kazimierz Secomski, 'Na progu drugiego etapu uprzemysłowienia', *Nowe Drogi* 5 (1967), 89-101.

export opportunities. Typically concluded for a period of between three and ten years, such agreements involved various types of cooperation between capitalist companies and socialist enterprises. The former offered benefits that included support in obtaining loans, guarantees on the continuous import of components regardless of changing tariff and quota restrictions, as well as export guarantees. On top of that, cooperation agreements often included opportunities for technological cooperation, such as the training of Polish engineers in the factories of origin. In this sense, they responded to different goals of the Polish leadership. As summarised by a report prepared by the inter-ministerial commission concerned with industrial cooperation in August 1971: 'It [industrial cooperation] allows us to obtain more hard currency, increase our production and export efficiency, and at the same time develop our industry, and fulfil domestic needs'.⁶¹⁰

Moreover, among the acceptable forms of economic cooperation with foreign companies, cooperation agreements were the most elaborated ones. Given the ideological limitations of the reforms, neither direct foreign investments nor joint ventures were allowed in Poland in the 1970s. However, state institutions and academics often debated the latter. Already a report on cooperation agreements from 1971 outlined the potential benefits that joint ventures could bring to Poland's economy.⁶¹¹ Periodicals such as *Handel Zagraniczny* regularly published articles discussing more elaborate forms of international economic cooperation and zooming in on socialist states, which allowed minimal foreign investment, namely Yugoslavia, Romania, and Hungary.⁶¹² Although eventually, joint ventures with capitalist countries were permitted only for investments in a third country, the topic of authorising it also in Poland remained an object of governmental consideration throughout the 1970s.⁶¹³

Reflecting the constraints for developing more advanced forms of partnerships with capitalist companies and the numerous benefits streaming in from the cooperation agreements, reports on

⁶¹⁰AAN, KC PZPR 1354, V/93, 'Założenia rozwoju powiązań kooperacyjnych z zagranicą' (concepts of increasing international industrial cooperation), Report by Interdepartmental Commission for concepts and regulations concerning international industrial cooperation for Politburo, July 1971, 4.

⁶¹¹AAN, KC PZPR 1354, V/93, 'Założenia rozwoju powiązań kooperacyjnych z zagranicą', 9-11.

⁶¹²'Międzyresortowa konferencja kooperacyjna', *Handel Zagraniczny* 7 (1974), 279-88; AAN, IF 1828, 1467, Kazimierz Zabielski, *Integracja Walutowa w EWG a stosunki finansowe Wschód-Zachód* (Instytut Finansów: Warszawa, 1976), 154-9.

⁶¹³AAN, URM 290, 5.4/63, 'Projekt przepisów /uchwała Rady Ministrów, uzasadnienie, wytyczne/ dotyczące tworzenia i działalności w kraju przedsiębiorstw w formie spółek z udziałem kapitału zagranicznego' (On joint ventures), Draft government decision by the Ministry of Foreign Trade, September 1973; Eugeniusz Tabaczyński, 'Podkomisja d/s wspólnych przedsięwzięć inwestycyjno-produkcyjnych (joint ventures)', *Handel Zagraniczny* 10 (1972), 385.

license policy from the early 1970s recommended relying on this type of licence purchase.⁶¹⁴ Similarly, a report on industrial cooperation concerned technology transfers best suited for this type of agreement.⁶¹⁵ Additionally, export opportunities or guarantees rendered the taking of loans less risky and thus secured the support of bankers and officials in the Ministry of Finance.⁶¹⁶ The Five Year Plan from 1971 confirmed this orientation and recommended to double expenditures for cooperation agreements in the case of the Ministry of Machine Industry, which was best suited for these purposes.⁶¹⁷

The prospect of increasing Poland's activity in global markets and deriving profit from licenced products required the reinvigoration of Poland's foreign trade strategy and supporting apparatus. In 1971, foreign trade experts in the Ministry of Foreign Trade prepared a report for the Commission for the Modernisation of the Economy and State Functioning calling for: 'a dynamic trade policy on foreign markets based on elaborated and modern forms of merchant activities such as promotion, advertisement, expositions, fairs, trade representations and a strategy for shaping products and markets'.⁶¹⁸ These means of improving Poland's position on foreign markets became guides for the more ambitious foreign trade strategy executed in the 1970s. They were regularly debated by the Ministry of Foreign Trade as well as associated research institutions and academics.

Moreover, the foreign trade goals of the license policy required a motivated and well-trained staff. According to reports on foreign trade and on licenses specifically, a lack of these traits among the foreign trade apparatus limited Poland's trading capacities.⁶¹⁹ Accordingly, the early 1970s witnessed numerous initiatives aiming to improve the effectiveness of the personnel responsible for foreign trade. Apart from trainings and institutional reorganisations, these initiatives concerned the system of rewards. Already a report for the Commission for the Modernisation of the Economy and State Functioning prepared by the Ministry of Foreign Trade stressed that employees of the Ministry of Foreign Trade and foreign trade enterprises should be generously rewarded. Specifically, it proposed a reward system for facilitating exports that would go by the rule: 'the more and better you

⁶¹⁴AAN, KC PZPR 1354, V/113, 'Kierunki doskonalenia polityki licencyjnej', 15.

⁶¹⁵AAN, KC PZPR 1354, V/93, 'Założenia rozwoju powiązań kooperacyjnych z zagranicą', 6-7.

⁶¹⁶AAN, KC PZPR 1354, V/93, 'Zasady polityki kredytowej', 10.

⁶¹⁷AAN, KC PZPR 1354, V/100, 'Główne proporcje', 17.

⁶¹⁸AAN, MHZ 351, 12/3, 'Wnioski w sprawie udziału i roli handlu zagranicznego w procesie usprawniania funkcjonowania gospodarki narodowej' (On role of foreign trade in improving economy functioning), Report by group of experts including Trzeciakowski and Długosz for Szydłak, 22 March 1972, 1.

⁶¹⁹AAN, KC PZPR 1354, V/93, 'Informacja wstępna w sprawie realizacji polityki licencyjnej', 5-6.

do, the more you earn'.⁶²⁰ Following this initial recommendation and subsequent discussions, the government introduced a complex program aiming to encourage the foreign trade apparatus to facilitate industrial cooperation and, above all, foster exports.⁶²¹

The new incentives made a career in foreign trade even more prestigious and financially beneficial. Travelling to the West and receiving allowances in foreign currencies, the employees of the Ministry of Foreign Trade and specific foreign trade enterprises were among the most privileged people in the socialist countries. Although their direct influence over policymaking was limited, through their professional activity they became an important source of pressure for expanding economic contacts with the West. Moreover, as actors responsible for economic deals, they had a chance to privilege certain transactions over other ones. In this sense, the foreign trade apparatus encouraged license purchases in general and attached particular importance to their profitability.

An appetite for profit-generating licenses was also present among the industries responsible for the production, and often the supervision, of foreign trade enterprises. In this case, the government also introduced a new system of incentives. Disappointed with the lack of initiative from the industries, the government announced that individuals and enterprises facilitating and concluding cooperation agreements with foreign companies should be generously rewarded.⁶²² To that end, a preference for licenses contributing to the further expansions of contacts with the West and generating hard-currency incomes was systematically encouraged.

From an economic perspective, though, large-scale purchases of licenses raised concerns. As a report prepared by the Supreme Chamber of Control from 1971 indicated, rather than generating profits, license agreements often resulted in unexpected expenditures in the West. The authors criticised previous technology purchases for 'optimistic assumptions' and the lack of a long-term perspective on economic results.⁶²³ Other reports on licenses also warned against unrealistic prognoses on the cost of licenses and expected profit from their implementation.⁶²⁴ Academics too, despite their overall support for expanding license policy, drew attention to these perils. For instance, Ludwik Janowiak, Professor of Economy at the Poznań University of Economics, advised against large-scale purchase of licenses from capitalist states, noting their high prices.⁶²⁵

Accumulation of foreign debt was the most significant danger of a large-scale license policy.

⁶²⁰AAN, MHZ 351, 12/3, 'Wnioski w sprawie udziału i roli handlu zagranicznego', 3.

⁶²¹AAN, URM 290, 5.4/17, 'Uchwała nr 57/71 Rady Ministrów' (government decision), 12 March 1971.

⁶²²AAN, KC PZPR 1354, V/93, 'Założenia rozwoju powiązań kooperacyjnych z zagranicą', 21-3.

⁶²³AAN, KC PZPR 1354, V/93, 'Informacja wstępna w sprawie realizacji polityki licencyjnej', 2-3.

⁶²⁴AAN, KC PZPR 1354, V/93, 'Zamierzenia w zakresie polityki licencyjnej w latach 1971-1975', 6.

⁶²⁵Ludwik Janowiak, 'Kooperacja gospodarcza krajów socjalistycznych i kapitalistycznych', *Ruch Prawniczy, Ekonomiczny i Socjologiczny* 2 (1970): 206-7.

Efforts to improve the foreign trade apparatus, and to receive export-guarantees, show that socialist elites were aware that their practices might lead to the trap of indebtedness. In order to avoid this scenario, Poland had to successfully export its products. Given that credits for technologies were supposed to be received and repaid in hard currency, Polish exports needed to be directed to capitalist countries. Nevertheless, it is often assumed that the CMEA and the Global South were thought of as primary markets for Western-technology-based products. In reality, although these regions often became the main recipients of Polish exports, according to the initial plans the bulk of Poland's modern production was supposed to go to the West. Given the rising competition and the ongoing Western European integration, exports to the West became a topic of debate. Many foreign trade experts, including Józef Wierzbowski, believed that the 'closed fortress' of capitalist markets could be conquered with an adequate approach and domestic reforms.⁶²⁶

It was precisely the lack of systemic changes that worried experts studying the profitability of license policy. In his article on foreign trade and technological progress, Leszek Balcerowicz, a lecturer at the Main School of Planning and Statistics, highlighted the lack of reforms: 'import of modern machines and licenses itself cannot change much if these are not immediately implemented. This depends on internal mechanisms concerning investments and production. Keeping them unreformed can lead to the failure of the entire program of modernisation'.⁶²⁷ Balcerowicz also proposed adjustments in license policy that would create market pressure on enterprises responsible for production based on foreign technology. Pointing to Japan, he claimed that such a goal could be achieved through the simultaneous implementation of similar technological solutions. However, he admitted that this strategy might be too expensive for Poland, and instead suggested stimulating domestic production by importing similar products from the West.⁶²⁸ Although the question of reforms on general forms of management continued throughout the decade and involved Party members and government institutions and well as academics, overall, the scale of such changes remained minimal. Moreover, the fact that reports on license policy from the early 1970s disregarded problems raised by Balcerowicz indicates that at a time when capitalist countries were moving towards a post-Fordism era, Poland's strategy still relied on the Fordism paradigm and assumed mass production of the same type of products.

While the profitability of the license policy raised concerns, from an ideological perspective, exchange between countries with different systems was accepted. As in the case of technology flows,

⁶²⁶Józef Wierzbowski, 'Rynek maszyn i urządzeń krajów kapitalistycznych', *Handel Zagraniczny* 5-6 (1971), 175.

⁶²⁷Leszek Balcerowicz, 'Handel zagraniczny a postęp techniczny', *Handel Zagraniczny* 9 (1972), 330.

⁶²⁸Leszek Balcerowicz, 'Handel zagraniczny a postęp techniczny', *Handel Zagraniczny* 9 (1972), 331.

socialist regimes officially encouraged closer cooperation between countries of different systems, which allowed them to blame capitalist countries for trade restrictions such as those introduced by the EEC. Lowering trade barriers and quantitative restrictions was one of the main goals of the socialist side of Europe during the Helsinki Conference, as well as other multilateral and bilateral talks with Western representatives. Additionally, the press openly wrote about Poland's economic cooperation with the West and the willingness of Poland's leadership to expand it. At the same time, however, specific deals did not receive full coverage. Articles on cooperation usually omitted economic details, especially those involving imports from the West and foreign credits. The censorship regulation clarifies this omission: 'The accumulation of this kind of information might induce the reader to think that purchases of technology from developed capitalist states are the base of our economic modernisation'.⁶²⁹

5.5. Détente

The strong correlation between political climate and the international exchange of licenses reflected the increase of technology transfers to socialist states in the period of de-Stalinisation and détente. Monkiewicz characterised this phenomenon in his book on licences from 1973:

The East-West exchange of licenses is exposed to the changing political climate to a much larger extent than the traditional exchange of goods and services. This comes from the fact that the licenses are a very noble object of trade, demanding long-term cooperation, and a high degree of trust between partners.⁶³⁰

From this perspective, the stronger involvement of Poland in the policy of détente following the changes of December 1970, especially concluding a Treaty of Warsaw with FRG, underpinned the new licence policy. However, the relationship between foreign policy and licences had a twofold character. On the one hand, the favourable international circumstances encourage the flow of technology. On the other hand, closer scientific and economic cooperation cemented peaceful coexistence.

Studies on détente have shown the close interplay between the political and economic goals of

⁶²⁹ Strzyżewski (ed.), *Czarna księga cenzury*, 36.

⁶³⁰ AAN, PISM 1738, 404, Monkiewicz, *Operacje licencyjne*, 19.

Western European actors.⁶³¹ The same is true for socialist regimes. Internal government and PUWP documents from the 1970s conceptualised economic exchange as a part of foreign policy. The guidelines for foreign policy in 1974 stated that the increase of economic cooperation with Western European states should aim at ‘making détente irreversible’.⁶³² At that time, academics too stressed the role of economic ties and scientific cooperation for improving political situation in Europe.⁶³³

Licences, and especially cooperation agreements, aligned well with this goal. Long-term cooperation of various forms strengthened economic links and improved Poland’s international image. Moreover, when involving emblematic Western European companies, talks concerning licences regularly included highly positioned politicians.

Given this strong correlation between political and economic objectives, the question of the geographic distribution of Poland’s economic ties held pivotal importance. From this perspective, the inter-bloc cooperation with the other CMEA members appeared as the most suitable for cooperation. Already a report prepared by the Supreme Chamber of Control from 1971 criticised the lack of cooperation between the socialist regimes in the licence policy: ‘The cooperation with CMEA countries very modest; not fulfilling the legislator’s expectations [...]. The experience of the last years [...] reveals that often buyers from our camp met with the same licence provider, buying separately the same licences (overpaying for them and competing against each other)’⁶³⁴. Reports on licence policy and industrial cooperation that followed stressed the need to improve coordination with other socialist regimes in the field of technology.⁶³⁵ This suggestion was not purely political in nature. Inter-bloc cooperation could potentially lower the costs of technological modernisation, improve the profitability of license-based production, and decrease harmful competition between CMEA members.

At the same time, plans introduced in the early 1970s show that Western capitalist states would become the principal providers of technology to Poland. The emphasis on the highest quality products, available mainly in capitalist countries, and the goal of generating hard currency through the export of license-based products, confirm the Western orientation of Poland’s licence policy in

⁶³¹E.g. Mourlon-Druol, ‘The role of a creditor’; Kieninger, ‘Diplomacy beyond deterrence’; Rudolph, *Wirtschaftsdiplomatie im Kalten Krieg*.

⁶³²AAN, KC PZPR 1354, V/120, ‘Węzłowe kierunki i zadania polityki zagranicznej PRL w 1974’, 3.

⁶³³E.g. Zdzisław Rurarz, ‘Gospodarczy walor Europejskiej Konferencji Bezpieczeństwa i Współpracy- z polskiego punktu widzenia’, *Handel Zagraniczny* 5-6 (1972), 177-9; Jan Głowczyk, ‘Przesłanki europejskiej współpracy gospodarczej i naukowo-technicznej’, *Prasa Polska* 10 (1972), 9.

⁶³⁴AAN, KC PZPR 1354, V/93, ‘Informacja wstępna w sprawie realizacji polityki licencyjnej’, 4.

⁶³⁵AAN, KC PZPR 1354, V/113, ‘Kierunki doskonalenia polityki licencyjnej’, 23-4.

the 1970s. For this reason, the question of the distribution of economic ties considered not only the principal East-West dilemma but also the desired system of links in the West.

According to official statistics, in 1970, the foreign trade value with developed capitalist states constituted around 27 per cent of overall foreign trade value. Specifically, for the EEC, this amounted to 11 per cent.⁶³⁶ Despite the lack of official relations, the FRG became a frontrunner in exchanges with Poland among the EEC countries, concentrating 46 per cent of the Polish trade with the organisation's members.⁶³⁷ Among all Western European countries, it held second position after the United Kingdom. Other important trading partners included France, Italy, and Austria.⁶³⁸

In terms of number of license agreements, for 148 agreements valid in 1970, only 12 involved cooperation with socialist regimes and 130 came from Western Europe. The UK was the most important provider of technology, concluding 45 license agreements with Poland by 1970. Next in line were FRG with 27, France with 17, Italy with 12 and Switzerland with 10. The US and Japan, despite being among the most significant exporters of technology worldwide, sold Poland only 4 and 2 licenses respectively.⁶³⁹ The structure of Poland's technological ties reflects the European character of détente and confirms the importance of the political aspect of license cooperation.

In the early 1970s, reports on license policy, and especially amendments added to these by the Politburo and government, show that technology providers were supposed to be chosen on the basis of their country of origin. On the one hand, the strong concentration of economic ties in the FRG, the country still regarded as a possible threat to European security, raised concerns. For this reason, neither purchases of technology nor credits were supposed to concentrate in this country.⁶⁴⁰ Instead, rebalancing the economic relationship with the FRG with closer cooperation with other Western European states became a goal repeated in many reports on foreign policy and economic cooperation.⁶⁴¹ On the other hand, according to recommendations made by the Ministry of Foreign

⁶³⁶Calculated based on: *Rocznik Statystyczny 1972* (Warszawa: Główny Urząd Statystyczny, 1972), 397.

⁶³⁷AAN, URM 290, 5.4/16, 'Notatka w sprawie rozwoju stosunków gospodarczych, naukowych i technicznych PRL i NRF' (Memo on development of economic, scientific and technical between Poland and FRG), Planning Commission for government, 1.

⁶³⁸*Rocznik Statystyczny 1972*, 398-9.

⁶³⁹AAN, KC PZPR 1354, V/93, 'Stan licencji czynnych w rozbiu wg resortów i krajów licencjonodawców wg stanu na 31.XII.1970 r.' (on active licences), Appendix 1 to 'Zamierzenia w zakresie polityki licencyjnej w latach 1971-1975', May 1971.

⁶⁴⁰AAN, KC PZPR 1354, V/93, 'Zasady polityki kredytowej', 9.

⁶⁴¹AMSZ, Dep. IV, 31/82, w.5, 'Program rozwoju współpracy gospodarczej i naukowej Polska-NRF w latach 1973-1985' (Program for economic, scientific and technological cooperation between Poland and FRG), Report by Planning Commission, July 1973, 35; AAN, KC PZPR 1354, V/92, 'Kierunki działania Ministerstwa Spraw Zagranicznych na rok 1971', 15.

Affairs, the recently reached Treaty in Warsaw with the FRG, and ratified by the Bundestag only in 1972, demanded cementing through economic cooperation.⁶⁴² As a consequence, an amendment of the Politburo to a report on license policy from 1971 stated that broadening cooperation with other states should happen ‘without giving up purchases from countries such as the FRG’.⁶⁴³

According to guidelines prepared by the Ministry of Foreign Affairs, the expansion of economic relations should above all involve France, whose economic potential was similar to that of the FRG and the UK, and which was considered by the Polish leadership its most suitable political partner in the West.⁶⁴⁴ However, the PUWP aimed also to use economic cooperation to strengthen Poland’s relationship with Scandinavia. Already during the first discussion on license policy in the Politburo in May 1971, its members recommended purchasing technology from Sweden.⁶⁴⁵ It added a similar amendment to a report on industrial cooperation. The Politburo stressed that Scandinavian states ‘should be used for increasing our capacity to receive global achievements of technology’ because ‘close economic relations with Sweden and Finland could contribute to making these countries a bridge in the relationship between the CMEA and the EEC’.⁶⁴⁶ Indeed, the two countries were politically neutral, belonging to neither the CMEA nor the EEC, which made them particularly suitable for expanding political and economic relations.

The fact that the Politburo commented on foreign policy in reports on technology reveals an important feature of license policy in socialist Poland. Despite its scientific and economic nature and the repeatedly expressed need for more substantial involvement of professionals in it, the policy was still strongly shaped by the PUWP, and especially by the most influential Politburo members. Not only did they confirm policy and acquisition proposals on licenses alongside the government, but they often participated in negotiations or unofficially discussed the deals with Western politicians.

Similarly, talks on license purchases involved the Ministry of Foreign Affairs and, above all, diplomats abroad. Reports prepared by the Ministry regularly discussed economic cooperation, and

⁶⁴²AAN, KC PZPR 1354, V/91, ‘Wstępny projekt działania w stosunku do NRF w związku z ratyfikacją układu PRL-NRF I po wejściu układu w życie’ (On policy towards FRG) Report by Ministry of Foreign Affairs for Politburo, 2 January 1971, 2; AAN, KC PZPR 1354, V/92, ‘Kierunki działania Ministerstwa Spraw Zagranicznych na rok 1971’, 13.

⁶⁴³AAN, KC PZPR 1354, V/93, ‘Protokół nr 54 z posiedzenia Biura Politycznego’, 2.

⁶⁴⁴AAN, KC PZPR 1354, V/92, ‘Kierunki działania Ministerstwa Spraw Zagranicznych na rok 1971’, 15; AAN, MHZ 251, 75/5, ‘W sprawie stosunków polsko-francuskich’ (On Polish-French relations), Memo by Ministry of Foreign Affairs and Ministry of Foreign Trade, 15 January 1972.

⁶⁴⁵AAN, KC PZPR 1354, V/93, ‘Protokół nr 54 z posiedzenia Biura Politycznego’, 2.

⁶⁴⁶AAN, KC PZPR 1354, V/93, ‘Protokół nr 57 z posiedzenia Biura Politycznego’ (Protocol from Politburo meeting), 23 July 1971, 3.

made recommendations concerning the preferred regions. They also analysed deals in the context of a relationship with a specific country. Diplomats abroad advocated for companies based in the country of their station and were responsible for maintaining relations with them. The push for closer cooperation between the Ministry of Foreign Affairs and the Ministry of Foreign Trade, regularly expressed in the 1970s, further demonstrates the importance of diplomatic ties for economic cooperation – and vice versa.⁶⁴⁷

5.6. Conclusions

License policy occupied a central place in the economic agenda of the 1970s. It aimed to tackle all of its main goals and involved leading institutions and officials. A selective approach to license policy that focuses on only one of its aspects or actors often leads to misinterpretation. For example, looking at license policy solely through the prism of consumption fails to explain the emphasis it placed on technological excellence. Similarly, this perspective tends to lead to the assumption that the consumption model of socialist societies was based on a poor imitation of Western goods, implying that the socialist elites lacked the imagination to propose an alternative.⁶⁴⁸ It is only by taking into consideration the export ambitions of the license policy that can one explain why Poland in the 1970s produced goods identical to Western ones. Additionally, while the goal of improving domestic consumption helps to account for the general direction of the license policy, it does not explain specific deals. By the same token, looking at the license exclusively in economic terms does not provide a full picture of the story, and overshadows other objectives. Moreover, it often results in the negative assessment of the license policy as a whole. In order to explain the dynamic of the license policy and to judge its results, its various aspects need to be taken into consideration, as well as the different actors engaged in it.

The Committee of Science and Technology, replaced by the Ministry of Science, Higher Education and Technology in 1972, as well as the intelligence and industrial apparatus, put an emphasis on technological modernisation and scientific development. The last one, alongside the foreign trade apparatus, also defended the economic profitability of the license policy. The Politburo and the Ministry of Foreign Affairs were also interested in using licenses for improving political relations on the continent and with specific countries.

While institutions and individuals that shaped the license policy represented different

⁶⁴⁷ Noworyta, *Polityka i dyplomacja*, 38.

⁶⁴⁸ E.g. Betts, 'The Politics of Plenty', 435-6.

objectives, most of them supported transfers of technology and often profited from them. These profits did not include only financial benefits related to travelling to the West and generous rewards for facilitating the deals, but also career boosts, increases of influence, burnishing their public image, and many other benefits. In sum, numerous advantages emerging from the license policy secured its implementation, despite the objections raised.

Already in the early 1970s, intellectually minded members of the leadership raised an ideological critique against the licence policy, especially against its consumption dimension. Engineers and those in the lower echelons of the industrial apparatus, on the contrary, worried about possible loss of domestic research as a consequence of a large-scale license policy. Experts often doubted that the licenses would have a revolutionary influence on Poland's science or that they would yield significant profits. Despite encouraging opening towards the West, these experts warned against overly optimistic assumptions about export revenues, especially without systemic reforms. These concerns only increased with time, and gradually included broader groups of the socialist elites such as bankers, who were concerned about the financial situation, and some highly positioned members of the Politburo and the government.

As in other fields of economic policy, regardless of multiplying voices of concern, the agenda for licenses did not undergo revision until 1976. On the contrary, a report taking stock of the new license policy from 1974 confirmed its general direction.⁶⁴⁹ Only the failed attempt at raising prices triggered reflection on the national strategy. A report prepared by Bożyk for the first secretary in the aftermath of the June events claimed that Poland's indebtedness particularly dangerous. As the report stated, indebtedness had risen mainly in 1974 and 1975, 'when the production of many licensing items, based almost entirely on the import of components, was launched'. The document recommended cutting down the number of new investments, limiting imports from the West, and accelerating exports.⁶⁵⁰ These recommendations, however, turned out to be too challenging to carry out.

In the following case studies, I zoom in on three licence agreements. I explore in what ways the main goals of the licence policy influenced how the agreements worked in practice, and how these goals compare to policy outcomes.

⁶⁴⁹AAN, URM 290, 5.4/105, 'Informacja o stanie wdrożeń do licencji zakupionych w latach 1971-1974' (On licences acquired in 1971-1974), Report by Ministry of Science, Higher Education and Technology for government, 24 August 1975.

⁶⁵⁰AAN, KC PZPR 1354, XIA/486, 'Możliwości i warunki', 8.

6. Passenger cars

6.1. The automobile industry in Poland

In the interwar years, Poland was one of the least motorised among the European states. In the 1930s, it had one car per 1,000 habitants, which was 23 less than in France, and seven times less than in Germany.⁶⁵¹ However, for military reasons, Poland aimed to initiate car production already in this period. In 1928, it launched its first assembly room to produce Italian Fiat cars, and, in 1931, it concluded an agreement with the company for the production of Fiats 508 and 518.

The Second World war demolished these modest beginnings of the Polish automobile industry and the country's road infrastructure. Interested in their immediate reconstruction, in 1948, automobile engineers from the factory in Warsaw entered negotiations concerning the renewal of cooperation with Fiat, which would involve assistance in rebuilding the automobile industry and boost the production of a new Fiat model. However, shortly after the talks opened, the Polish side broke them off.⁶⁵² Allegedly, Stalin himself opposed this idea and claimed that cooperation with Western companies had carried a risk of penetration from Western intelligence.⁶⁵³ As a consequence, instead of Italian Fiats, Poland started producing the 'Warszawa' (Warsaw), based on a Soviet license. In 1953, the Polish leadership also decided to launch works on national automobile technology, which resulted in the 'Syrena' (Mermaid), produced since 1957.

Due to high failure rates and excessive production costs, neither the 'Warszawa', nor the 'Syrena' satisfied domestic demand. As in the interwar years, in the 1950s and 1960s, Poland was falling behind the rest of Europe in terms of motorisation. In this period, Western Europe experienced a motorisation boom, and the number of cars per 1,000 habitants reached an average of 74 in the EEC-member states in the 1960s. At the same time, this number amounted to 3 in the case of Poland.⁶⁵⁴ The rising gap between Poland and the Western European states became a source of frustration. Since

⁶⁵¹Béla Tomka, *A Social History of Twentieth-century Europe* (London and New York: Routledge, 2013), 235.

⁶⁵²Zdzisław Podbielski, *Polski Fiat 125p/FSO 125p* (Piekary Śląskie: Wydawnictwo ZP, 2009), 15-20.

⁶⁵³Rakowski, *Dzienniki 1969-1971*, 179; DSH, AHM, IS_3_0106, Od socjalistycznej fabryki do międzynarodowej korporacji. Archiwalna kolekcja narracyjnych wywiadów biograficznych z pracownikami przemysłu, project coordinator: Joanna Wawrzyniak, Institute of Sociology, University of Warsaw, transcript of an interview with Edward Pietrzak conducted by Katarzyna Sierawska, 22 April, 10 May and 6 June 2015, line 95.

⁶⁵⁴Calculation based on: Tomka, *A Social History*, 235 (all the EEC members except Luxemburg).

de-Stalinisation, calls for mass motorisation had entered the public debate and remained one of its features throughout the 1960s, causing controversies among experts and politicians.⁶⁵⁵

Poland was not the only socialist regime facing the motorisation dilemma. In the early 1960s, the number of cars in Yugoslavia, Hungary, Romania, and Bulgaria was even lower than in Poland. Only Czechoslovakia and the GDR, having national car industries, overtook Poland. In this context, in the early 1960s, debates on motorisation also took place in the CMEA. But the cooperation considered at the time between Poland and Czechoslovakia never materialised.⁶⁵⁶ Similarly, the other socialist regimes did not succeed in combining car production within the CMEA framework and redirected their attention towards developing national automobile industries in cooperation with Western companies instead.⁶⁵⁷

Meanwhile, Poland started discussing the motorisation question with Yugoslavia. Although Yugoslavia was not a full member of the CMEA, from the mid-1950s its economic exchange with Poland had been on the rise. Yugoslavia's advanced license policy and close economic ties with Italy in 1954 resulted in a deal with Fiat on the production of a car in the Zavodi Crvena Zastava factory.⁶⁵⁸ Among automobiles produced in the socialist regimes, 'Zastava' distinguished itself with its modernity. For this reason, the Polish side positively reacted to the Yugoslav proposal made in 1964 to co-produce Fiats.⁶⁵⁹

It was through the Yugoslav intermediation that Poland re-established its contacts with the Italian company. As the Yugoslav deal demonstrates, Fiat held a particular position in the East-West

⁶⁵⁵Jerzy Kochanowski, 'A Great change', or, the Poles' unfulfilled daydream about having a car (1956-7)', *Acta Poloniae Historica* 115 (2017): 71-95; Hubert Wilk, 'Samochód dla towarzysza Wiesława: dyskusje nad kierunkiem rozwoju motoryzacji indywidualnej w Polsce 1955-1970', *Polska 1944/45-1989 Studia i materiały* 11 (2013): 285-93.

⁶⁵⁶Hubert Wilk, 'Próba modernizacji Polskiego przemysłu maszynowego w drugiej połowie lat 60. Przypadek Fiata 125p', *Rocznik dziejów społecznych i gospodarczych* 76 (2016), 419.

⁶⁵⁷On cooperation with Western automobile companies in other socialist regimes: Valentina Fava, 'COMECON integration and the automobile industry: the Czechoslovak case', *Jahrbuch für Wirtschaftsgeschichte* 49:2 (2008), 93-115; Manfred Grieger, 'Business with the Socialist Automotive Industry. Volkswagen's Economic Relations with the Soviet Union and the German democratic Republic', in Manfred Grieger, Ulrike Gutzmann and Dirk Schlinkert (eds.), *Towards Mobility. Varieties of Automobility in East and West* (Wolfsburg: Volkswagen AG, 2009), 101-10; Valentina Fava, 'Between Business Interest and Ideological Marketing: The USSR and the Cold War in Fiat Corporate Strategy, 1957-1972' *Journal of Cold War Studies* 20:4 (2019), 26-64; Luminita Gatejel, *Warten, hoffen und endlich fahren. Auto und Sozialismus in der Sowjetunion in Rumänien und der DDR (1956-1989/91)* (Frankfurt am Main and New York: Campus Verlag, 2014), 137-57; Luminita Gatejel, 'A Socialist-Capitalist joint venture: Citroën in Romania during the 1980s', *The Journal of Transport History* 38:1 (2017): 70-87; Valentina Fava and Luminita Gatejel, 'East-West cooperation in the automotive industry: Enterprises, mobility, production', *The Journal of Transport History* 38:1 (2017): 11-9.

⁶⁵⁸Marko Miljković, 'Making automobiles in Yugoslavia: Fiat technology in the Crvena Zastava Factory, 1954-1962', *The Journal of Transport History*, 38:1 (2017): 20- 36.

⁶⁵⁹Wilk, 'Próba modernizacji', 424-5.

divide, becoming a frontrunner in building economic relations with the socialist regimes. Given the strong competition on the European automobile market which emerged from the rise of individual motorisation, Fiat was interested in taking advantage of its interwar economic legacy and expanding towards Eastern Europe.

From the Polish perspective, not only Fiat but also Italy played a positive political role in East-West relations. Already in the 1960s, Italian Christian Democracy-led governments promoted détente and played a leading role in building political and economic contacts with socialist regimes.⁶⁶⁰ Italy was one of the first Western European states to formalise economic and scientific cooperation with Poland. Already in 1960, the two countries signed an agreement on economic, industrial, and technical cooperation. Five years later, this agreement was extended. Italy had both economic and political reasons to seek cooperation with socialist regimes. On the one hand, having modest natural resources, it was interested in importing them from the East.⁶⁶¹ On the other hand, Italy was interested in improving Europe's security through developing East-West cooperation. Acting as a bridge between the West and the East allowed it also to strengthen its position both globally and within an integrating Western Europe.⁶⁶²

In light of the above, it comes as no surprise that, although due to disagreements between the Polish and the Yugoslav side the idea of triple automobile cooperation quickly failed, the talks with Fiat persisted. It was under these circumstances that Poland signed a deal with Fiat on 22 December 1965. While the original contract concerned the production of the type of the car produced in Yugoslavia, the annex to this agreement, signed in 1966, modified the model. The new car was supposed to be based on work-in-progress technology for the medium-engine Fiat 125. This change sparked the discontent of Polish engineers, who were worried about being the sole producers of this model worldwide.⁶⁶³ The deal included various types of cooperation. Fiat provided Poland with a license, supported the modernisation of Passenger Car Factory in Warsaw (Fabryka Samochodów Osobowych, FSO), shared its cooperation partners from other European states, and allowed Poland to export its Fiats everywhere except Italy. It also facilitated the financing of the transaction, which was supposed to be partly paid in the delivery of components to Fiat. The two sides also agreed on

⁶⁶⁰Tavani, "*Non dovrà essere un'altra Yalta*", 81-108.

⁶⁶¹Jarosz and Pasztor, *Nie tylko Fiat*, 299; Dariusz Jarosz, 'Główne Problemy Polsko-Włoskiej współpracy gospodarczej w latach 1959-1970', *Studia z Historii Społeczno-Gospodarczej* 20 (2018), 137-55.

⁶⁶²Tavani, "*Non dovrà essere un'altra Yalta*".

⁶⁶³Hubert Wilk, 'Próba modernizacji', 427-8.

the technical cooperation and training of the Polish engineers in the original Fiat factory in Turin.⁶⁶⁴

The deal was a coup for the groups lobbying for motorisation in Poland and the individuals who carried it out. This concerns especially, the head of the Association of Automobile Industry Polmo and formally head engineer at the FSO, Wrzaszczyk, who after the agreement with Fiat, became an influential and well-known figure. Similarly, Andrzej Górecki, who, after participating in the negotiations in 1965, was promoted as head of the newly established Pol-Mot foreign trade enterprise. The creation of this institution, which found itself under the supervision of the Association of Automobile Industry, reflected the export ambitions behind the Fiat project. Indeed, apart from representation in Turin, Pol-Mot soon expanded worldwide, opening bureaus abroad and establishing cooperation with foreign automobile dealers and companies. As framed by a report for the Supreme Chamber of Control in 1972: 'Initially a small enterprise, during the last four years [Pol-Mot] became the biggest among all Poland's foreign trade enterprises in terms of export and import revenues'.⁶⁶⁵ On the Italian side, those responsible for the deal included Armando Fiorelli, who had already represented Fiat during the cooperation with Poland in the interwar years, and Riccardo Chivino, who had supervised the deal with Yugoslavia.⁶⁶⁶ These figures played an important role in fostering further cooperation.

The acquisition of the Fiat license was revolutionary for the Polish automobile sector. As described by Andrzej Władyka, the head of the Pol-Mot bureau in Turin in the late 1960s, FSO and other Polish factories, responsible for providing components for Fiat 125p (Fiats produced in Poland received the original name but had the letter 'p' appended to it) experienced a 'shock and jump forward of dozen, several dozen years'.⁶⁶⁷ The first Fiats left the factory in 1967, and from 1968, the cars were distributed among Polish consumers. However, only a small portion of vehicles entered the domestic market as they were predominantly thought of as an export good. According to draft plans

⁶⁶⁴ASF, PDR1/16, 'Contrat de licence et de collaboration technique' 22 December 1965; ASF, PDR1/16, 'Supplément au contrat de licence et de collaboration technique signé 22 Decembre 1965', 21 May 1966; Wilk, 'Próba modernizacji', 427-8; Jarosz, 'Główne Problemy Polsko-Włoskiej', 151-3; Jastrząb and Wawrzyniak, 'On Two Modernities', 45-52; Wilk, *Między pragmatyzmem a oczekiwaniami*, 23-30.

⁶⁶⁵AAN, MHZ 351, 4/732, Memo on Pol-Mot by Górecki, 16 March 1972, 2

⁶⁶⁶Riccardo Chivino, *La Fiat in Polonia, Jugoslavia e Russia nei ricordi di Riccardo Chivino* (Torino: Centro Storico Fiat, 2014), 49-65.

⁶⁶⁷DSH, AHM, IS_3_010, Od socjalistycznej fabryki do międzynarodowej korporacji. Archiwalna kolekcja narracyjnych wywiadów biograficznych z pracownikami przemysłu, project coordinator: Joanna Wawrzyniak, Institute of Sociology, University of Warsaw, transcript of an interview with Andrzej Władyka conducted by Ewa Szeptycka, 12 May and 4 September 2015, 4.

for 1970-5, 90 per cent of Polish Fiats was supposed to be exported.⁶⁶⁸ Moreover, it soon became known that the cars distributed in Poland were of lower quality than the exported ones. Finally, the price of the Fiat 125p made it out of reach for Polish consumers. According to estimates, the car amounted for 70 average monthly incomes in Poland.⁶⁶⁹

Thus, the Fiat 125p did not fulfil all the goals drawn up by the supporters of Poland's motorisation. While the deal on the car helped to modernise the Polish automobile industry and secured high export revenues, it did not improve quality of life in Poland or upgrade the Polish infrastructure, as a small, widely accessible car would have, according to its advocates. In fact, between 1960 and 1970, from being the third most-motorised among the socialist regimes, Poland fell into fifth position, overtaken by Hungary and Yugoslavia.⁶⁷⁰ Moreover, in the late 1960s, a shift in attitude towards mass motorisation took place in the Soviet Union. Unlike Khrushchev, both Brezhnev and Kosygin supported the idea of mass motorisation and, soon after taking their positions, fostered the deal with the Italian Fiat. The agreement, signed in May 1966 and worth 900 million US dollars, included the sale of a license for Fiat 124 and building a car factory in the town of Togliatti. Before concluding the deal with Fiat, the Soviet leadership also considered cooperation with the West German Volkswagen and the French Renault.⁶⁷¹ These companies, concerned about Fiat's increasing monopoly in socialist Europe, actively looked for opportunities in the region. Already in 1966, Renault established an assembly plant in Bulgaria and sold a licence to Romania.

In this context, in the late 1960s, the debate on mass motorisation reemerged in Poland. In 1969 Pajestka, a professor of economics and member of the Planning Commission, triggered the controversy with his article for *Polityka*, where he supported Poland's mass motorisation.⁶⁷² Numerous polemical or supportive articles followed.⁶⁷³ Soon afterwards, the problem entered debates among Politburo members.⁶⁷⁴ While for economic and ideological reasons, Gomułka objected to the

⁶⁶⁸ AAN, KC PZPR 1354, V/90, 'Protokół Nr 12 z posiedzenia Biura Politycznego KC' (Protocol from Politburo meeting), 10 April 1970, 2.

⁶⁶⁹ Estimation cited after: Piotr Nehring, 'Fiat 125p ma 50 lat', *Gazeta Wyborcza*, 27 November 2017, <http://wyborcza.pl/alehistoria/7,121681,22684105,fiat-125-p-marzenie-milionow-jak-zaczela-sie-nowa-era-w.html> (accessed: 20 May 2018).

⁶⁷⁰ AAN, KPRM 816, 7489, 'Kierunki polityki gospodarczej w zakresie kształtowania rynku samochodowego w Polsce w okresie 1973-1980' (On shaping automobiles market), January 1973, 2.

⁶⁷¹ Fava, 'Between Business Interest'; Lewis Siegelbaum, *Cars for Comrades. The Life of Soviet Automobile* (Ithaca New York: Cornell University Press, 2008), 80-124.

⁶⁷² Jan Pajestka, 'O społeczno-kulturową koncepcję motoryzacji', *Polityka* 2 (1969), 3.

⁶⁷³ E.g. Jerzy Dzieciolowski, 'Motoryzacja (artykuł dyskusyjny)', *Życie Gospodarcze* 15 (1970), 1-2; Stefan Bratkowski, 'Samochód dla Europy Wschodniej', *Polityka*, 7 (1969), 6.

⁶⁷⁴ Rakowski, *Dzienniki 1969-1971*, 249.

idea, Gierek supported the proposal.⁶⁷⁵ Already in the late 1960s, the future first secretary discussed the possibility of establishing a car factory in Silesia with Wrzaszczyk.⁶⁷⁶ Moreover, having in mind that the leadership might eventually agree to mass motorisation, Wrzaszczyk discussed broadening the agreement with Fiat already in the late 1960s.⁶⁷⁷ Similarly, talks on new licence acquisitions took place with other car manufactures, including Citroën and Volkswagen.⁶⁷⁸

6.2. The vision of mass-motorisation

In light of the 1960s debates, the fact that Wrzaszczyk became minister of machine industry on the 23 December 1970, only three days after Gierek took over as first secretary, illustrates the central place of motorisation in the political and economic changes of 1970. A public promise of mass motorisation was given by Gierek soon afterwards, during the 8th Plenum of PUWP in February 1971.⁶⁷⁹ A plan for purchasing a foreign licence for this purpose entered the drafts of the 1971-5 Five Year Plan. They also became the principal expenditure envisaged by the Ministry of Machine Industry for this period.⁶⁸⁰ The government and Politburo formalised the decision to buy a licence for a small-engine car in July 1971. The draft of the decision, prepared by Górecki and Janusz Szotek, undersecretary of state in the Ministry of Mechanical Industry, explained the goals and expectations of the purchase of the technology, and the mass motorisation of Poland.

The document opened with the information that Poland lagged significantly behind the rest of Europe in terms of motorisation, its level similar to the countries with three times lower Gross National Income per capita. The report recommended the fast acquisition of technology for a small and cheap car, and the building of a new factory to produce it. It listed five main advantages that the plan would bring: ‘increase the amount of social time and improve its quality, create better incentives for efficiency of production and saving, positively influence consumption patterns, contribute to the further politechnisation of society, and accelerate progress in other sectors of the economy’.⁶⁸¹

⁶⁷⁵Rakowski, *Dzienniki 1969-1971*, 52.

⁶⁷⁶DSH, AHM, IS_3_0106, interview with Edward Pietrzak, line 1011-13.

⁶⁷⁷DSH, AHM, IS_3_010, interview with Andrzej Władyka, 11-2.

⁶⁷⁸Długosz, *Jak zadłużyłem PRL*, 24.

⁶⁷⁹AAN, KC PZPR 1354, XIA/841, ‘Przemówienie wygłoszone na VIII Plenum KC PZPR 7 lutego 1971’, in *Edward Gierek I Sekretarz KC PZPR /przemówienia i artykuły/ lata 1970-1971*, 45

⁶⁸⁰Jastrząb, ‘Fiat’s small cars’, 42.

⁶⁸¹AAN, KC PZPR 1354, V/93, ‘Notatka z posiedzenia Prezydium Rządu z dnia 9 lipca 1971 r. W sprawie uruchomienia produkcji popularnych małodrożowych samochodów osobowych’ (on production of small-engine cars), Memo by government for Politburo, 17 July 1971.

As emerges from the above, this acquisition was intended to primarily shape domestic consumption. According to the prospective plan, the number of cars per 100 households was supposed to increase from 5 in 1970 to 37 in 1990.⁶⁸² Additionally, already in 1971, a report on the domestic distribution of consumer products assumed that 47,200 cars on the domestic market in 1970, in 1975 would increase to 125,000. This rise was meant to concern especially the Fiat 125p. While in 1970 only 6,400 Fiats 125p were distributed domestically, in 1975 the target number was 65,000.⁶⁸³ Moreover, since the decision concerning the acquisition of technology had been made, the government had debated forms of pre-sale of a small-engine car. The envisaged system assumed that interested consumers could start saving for a new car, which they would receive in two to seven years. This method was supposed to provide the government with funds for production and at the same time positively influence the domestic market.⁶⁸⁴ According to this logic, encouraging saving would result in modifying the consumption model, which the leadership desired, and the experts had advocated since the late 1960s. In the prospective plan that reached until 1990, the authors even established a direct correlation between motorisation and the lowering demand for food products.⁶⁸⁵

While the domestic market was the main destination of the new car, it was also supposed to be directed for export. The positive results of Fiat 125p encouraged thinking about the car as a product that was salable abroad. The government's decision to purchase a new licence stated that the investment would be made on foreign credit and preferably thorough a cooperation agreement.⁶⁸⁶ Thus, the costs of technology were supposed to be covered by exports to the original factory.

The government's decision to initiate production of a small-engine car also indicates that the leadership expected motorisation to have a positive influence on different branches of economic development and society. That concerned especially the modernisation of Poland's factories, the training of engineers and fostering the development of infrastructure. On the individual level, it was believed that owning a car would improve society's familiarity with the newest technology.

The idea of buying a small-engine car, however, did not gain general favour among the socialist elites. Already in the late 1960s, some Politburo members objected to motorisation for ideological reasons, and experts pointed to the vast cost of investments and to the fact that introducing mass

⁶⁸²AAN, KC PZPR 1354, V/122, 'Wstępny projekt planu perspektywicznego do roku 1990', 79.

⁶⁸³AAN, URM 290, 5.4/27, 'Założenia w sprawie dostaw przemysłowych artykułów rynkowych', 7.

⁶⁸⁴AAN, KC PZPR 1354, XI/665, 'Założenia przedprzedaży popularnego samochodu osobowego' (On pre-sale of small engine cars), Report by the Ministry of Finance for PUWP, December 1971.

⁶⁸⁵AAN, KC PZPR 1354, V/122, 'Wstępny projekt planu perspektywicznego do roku 1990', 83.

⁶⁸⁶AAN, KC PZPR 1354, V/93, 'Notatka z posiedzenia Prezydium Rządu z dnia 9 lipca 1971 r.'.

motorisation would lead to unforeseen expenses.⁶⁸⁷ Given the central place of motorisation in the economic strategy of the new leadership, open critiques disappeared from the press. However, some members of the socialist elites eventually admitted they were sceptical about the idea. That was the case of Andrzej Karpiński, professor of economics and a member of the Planning Commission. He believed that Poland's infrastructure was not ready for mass motorisation, and that buying a licence for a small car would accelerate consumption.⁶⁸⁸ Also, Rurarz claimed to have had been against the idea for similar reasons. As he pointed out, cars generate costs not only during production but also later, while they are in use. According to his memoirs, it would have been better to build an assembly room for one of the foreign companies and continue importing different types of cars instead of launching a new national model. But it was impossible to raise these objections given the importance attached to motorisation both by the leadership and by society at large.⁶⁸⁹

6.3. The purchase of the Fiat licence

After confirming the decision, the Politburo and government recommended finding a technology provider and signing a contract as soon as possible. Given that relevant talks with key Western European car producers had already taken place, offers from 'the most experienced car producers worldwide' were ready already in summer 1971. The Ministry of Machine Industry took into consideration four car models: Fiat 126, Fiat 127, Renault 122 and Citroën Dyane 6.⁶⁹⁰ While before it also considered Volkswagen, it is likely that political considerations made Poland's leadership reluctant to expand cooperation with the FRG in the critical field of motorisation.⁶⁹¹ By contrast, a deal with a French or Italian company aligned with foreign policy goals. All four car models represented the newest generation, and, except for the Citroën, had not yet been distributed in Western Europe. While both French producers offered broad economic and technical cooperation, and the possibility of modifying the models to fit Poland's needs, they were also more expensive than the ones from Fiat. The envisaged hard currency balance of the transaction amounted to +29.7million US dollars for the Fiat 127, -19.4 million US dollars for the Fiat 126 but -29.5 million US dollars for the Citroën Dyane and -101 million US dollars for the Renault 122. Moreover, although French

⁶⁸⁷E.g. Jerzy Dzięciołowski, 'Motoryzacja (artykuł dyskusyjny)' *Życie gospodarcze* 15 (1970), 1-2.

⁶⁸⁸Author's interview with Andrzej Karpiński, 14 January 2020, Warsaw.

⁶⁸⁹Rurarz, *Byłem doradcą Gierka*, 112-3.

⁶⁹⁰AAN, KC PZPR 1354, XI/665, 'Uzasadnienie do Decyzji Prezydium Rządu' (justification for government decision), July 1971.

⁶⁹¹AAN, KPRM 816, 7496, 'Notatka w sprawie uruchomienia produkcji małolitrażowego popularnego samochodu osobowego (On launching the production of small-engine cars)', 5 July 1971, 7.

companies granted vast possibilities to repay the costs of the licence through deliveries to the original factory, the Ministry of Machine Industry assessed them as less beneficial than Italian ones. As the document which compared the offers stated: ‘Trade tariffs for export to the capitalist countries, above all to the EEC, indicate that cooperative export is an object of constant de-liberalisation. In these circumstances, deliveries to Italy are much more beneficial because they include primarily components charged with smaller tariffs’.⁶⁹² Another advantage of choosing Fiat listed by the Ministry of Machine Industry was its specialisation in small cars and experience in granting licences.⁶⁹³ Indeed, Fiat not only provided technology to other socialist regimes and the Global South but above all had already cooperated with Poland. The possibility of strengthening and expanding already existing cooperation was a critical factor in the recommendation of the Ministry of Machine of Fiat as best suited for providing technology to Poland. Among the two models it offered, Fiat 126, being smaller and cheaper in production, better met the goals of the Polish leadership. Even though making a deal on the Fiat 127 would have had a lower overall cost, and a bigger car could also serve well outside of urban areas, it was the Fiat 126 which the Ministry of Machine Industry strongly recommended.⁶⁹⁴

Nevertheless, a report discussing the four offers suggested: ‘In order to receive the maximum price reduction and the best possible contract terms, we need to continue talking to all the companies’.⁶⁹⁵ During the negotiations, the Polish side was expected to secure technical assistance in launching production, training Polish engineers, gaining favourable credit terms, and establishing cooperative deliveries, which would cover 70-80 per cent of the overall costs of the transaction.⁶⁹⁶

As recommended by the Politburo and the government, the talks proceeded swiftly. After informing the Italian embassy about Poland’s willingness to continue negotiations, the Polish delegation came to Rome in September 1971.⁶⁹⁷ The delegation included Szotek, Władyka, who became Górecki’s deputy as the head of Pol-Mot, and two leading experts and negotiators from the

⁶⁹²AAN, KPRM 816, 7496, ‘Notatka w sprawie uruchomienia produkcji’, 5-6.

⁶⁹³On Fiat’s corporate strategy: Giuliano Maielli, ‘The Machine that Never Changed: Intangible Specialisation and Output-mix Optimisation at Fiat, 1960s-1990s’, *Competition and Change* 9:3 (2005): 249-76.

⁶⁹⁴AAN, KPRM 816, 7496, ‘Notatka w sprawie uruchomienia produkcji’ 5 July 1971.

⁶⁹⁵AAN, KPRM 816, 7496, ‘Notatka w sprawie uruchomienia produkcji’ 5 July 1971, 9.

⁶⁹⁶AAN, KPRM 816, 7496, ‘Notatka w sprawie uruchomienia produkcji’, 9-10.

⁶⁹⁷AAN, KC PZPR 1354, XI/665, ‘Informacja nr 1 dotycząca realizacji Decyzji Nr 90/71 Prezydium Rządu z dnia 15 lipca 1971 w sprawie uruchomienia produkcji popularnych małodrożowych samochodów osobowych w resorcie przemysłu maszynowego oraz realizacji Decyzji Nr 91/70 Prezydium Rządu z dnia 15 lipca 1971 r. W sprawie uruchomienia produkcji wysokopojemnych autobusów miejskich i międzymiastowych w resorcie przemysłu maszynowego’ (Memo on launching the production of small-engine cars and buses), 9 September 1971.

Ministry of Foreign Trade, namely, Ryszard Strzelecki and Stanisław Długosz. The talks, which took place between the 6 and the 10 September, involved representatives of Fiat and the Italian Ministry of Foreign Trade and the Ministry of Foreign Affairs. Additionally, initial meetings took place with Italian bankers. In the delegation report, the negotiators confirmed that the: 'Italian side, including Fiat and the Italian government, is interested in selling Poland a licence for political and economic reasons'.⁶⁹⁸ The two sides agreed that the cooperation should have a multi-dimensional character and therefore involve four different types of agreements. The first type was an agreement between Poland and the Italian government that was supposed lower quota restrictions on trade and confirm the special character of the Poland-Fiat deal. Second, the Pol-Mot foreign trade enterprise was supposed to conclude a cooperative agreement with Fiat. Third, the financial aspects of cooperation were to be specified in the deal between the Trade Bank and a corresponding Italian institution. Fourth and finally, the Ministry of Machine Industry was envisaged to sign an agreement with Fiat on scientific and technological cooperation.

Among different objects of negotiation, only the economic side raised controversy. However, as the report noted, despite the difficult economic situation in Italy and Nixon's decision to cancel the dollar convertibility in gold, the Italian government, under pressure from Fiat, would be eager to lower interest rates for investment credit, which amounted to 9-10 per cent in the domestic market. Moreover, the Polish side was worried about rising trade tariffs and quotas. The authors of the report recommended using the highest diplomatic channels, including the Polish minister of foreign affairs and the Polish ambassador in Italy, to extract Italian's concessions.⁶⁹⁹ -

A report from the next stage of negotiations showed that these actions brought tangible results. Between 30 September and 6 October, Wrzaszczyk continued talks with Fiat's management in Turin. The company was represented by its CEO, Giovanni Agnelli. The talks yielded numerous concessions on the Italian side. First, it was concluded that Poland would receive eight years of credit with a 6.5 per cent interest rate. Second, Fiat agreed to increase deliveries of components and ready-made cars from Poland, which guaranteed Poland's ability to repay the debt and increased its foreign trade revenues by 35-40 million US dollars when compared with the initial offer. Finally, Fiat committed to 'pressuring the government' to increase Poland's export quota to Italy. However, this matter was

⁶⁹⁸AAN, KC PZPR 1354, XI/665, 'Informacja Nr 2 dotycząca realizacji Decyzji Nr 90/71 Prezydium Rządu z dnia 15 lipca 1971 r. W sprawie uruchomienia produkcji popularnych małolitrażowych samochodów osobowych w resorcie przemysłu maszynowego' (Memo on launching the production of small-enginge cars and buses), 17 September 1971, 1.

⁶⁹⁹AAN, KC PZPR 1354, XI/665, 'Informacja Nr 2 dotycząca realizacji Decyzji Nr 90/71', 3-4.

assessed by the Fiat as especially problematic: 'given Italian membership in the EEC'. In light of the concessions made by Fiat, the company demanded that the terms of the agreement be kept secret.⁷⁰⁰

These decisions became the basis for the Pol-Mot-Fiat contract signed in Warsaw on the 29 October 1971. According to the agreement, Fiat was supposed to buy at least 50,000 Polish Fiat 126s and 820,000 Polish engines. These acquisitions were meant to cover over 100 per cent of Poland's hard-currency purchases for car technology, new factories, machines, and components, which in total was estimated at 183 million US dollars.⁷⁰¹ Moreover, in case of changes of tariffs imposed by the EEC or Italy, Fiat committed to adjusting prices so as to keep them as they appeared in the original agreement. On the other hand, Fiat reserved the right to export Polish Fiats through its commercial network and prohibited Pol-Mot from selling them independently, except to CMEA states. This regulation was supposed to remain in place even after the expiration of the contract on the 31 December 1980.⁷⁰²

The agreement between Poland's Trade Bank and Istituto Mobiliare Italiano confirmed 53 billion Italian liras (around 85 million US dollars) credit for the import of components and machines, which was supposed to be paid back within eight years from its use, with a 6.5 per cent interest rate. This credit was authorised by the Italian government and received its guarantees.⁷⁰³

On Wrzaszczyk's visit to Turin at the end of September, he signed an agreement with Agnelli on technical and scientific cooperation. The two sides committed to expanding cooperation in these fields and established a working group that included members of the machine sector in Poland, such as Szotek and Górecki, and representatives of Fiat, including Chivino. The group was supposed to meet at least twice a year and explore different possibilities for broadening the cooperation. Decisions concerning scientific and technological exchanges were also present in the core agreement between Pol-Mot and Fiat. It established that 1,250 Polish engineers would receive training in Turin and that

⁷⁰⁰AAN, KC PZPR 1354, XI/665, 'Sprawozdanie Ministra Przemysłu Maszynowego T. Wrzaszczyka z rozmów z kierownictwem S.A. FIAT' (Report on Wrzaszczyk talks with FIAT management), 23 September 1971.

⁷⁰¹AAN, MHZ 351, 4/733, 'Notatka służbowa ze zbadania pod względem handlowym kontraktu o współpracy przemysłowej i licencji na samochód małoditrażowy Fiat-126' (on contract for Fiat 126 licence), Memo for the minister of foreign trade, 18 June 1973, 2.

⁷⁰²On Fiat 126 deal: Jastrząb, 'Fiat's small cars', 41-4; Krzysztof Lesiakowski, "'For Poland to grow strong..." The concept of modernizing the Polish automotive industry 1971-1972', *Przegląd Nauk Historycznych* 16:3 (2017): 182-90; Zdzisław Podbielski, *Polski Fiat 126p, czyli Maluch* (Warszawa: Wydawnictwo ZP, 2011).

⁷⁰³AMSZ, Dep. IV, 27/77, w.7, Head of Italian parliamentary delegation to head of Poland's parliamentary delegation on tariffs and quotas, 27 November 1971.

Italian experts would reside in Poland to supervise the construction of new plants.⁷⁰⁴

Finally, on 27 November 1971, the governments of Poland and Italy signed a treaty that broadened economic, industrial, and technological cooperation in the automobile sector. The Italian and Polish governments agreed to exclude Fiat cooperation from quotas and tariffs restrictions at the initial stage of the cooperation.⁷⁰⁵

The Polish side was well aware of the highly advantageous character of the agreement. Internal documents stressed that it was the first time in Fiat's existence that the company had offered such a beneficial system of cooperation and 'made itself depended on a distant provider'.⁷⁰⁶ Tariffs and quotas reductions were also described as having 'no precedent in our foreign trade'.⁷⁰⁷ The reports stressed that the terms of credits were lower than those offered at the time by France and the UK.⁷⁰⁸ As recalled by Długosz, who was on negotiation team: 'The Polish side dictated the terms of the contract'.⁷⁰⁹ Reportedly, intelligence activity had strengthened Poland's position in talks with Fiat and enabled it to lower the value of the contract by 9 million US dollars.⁷¹⁰ However, as emerges from the above, the price itself was never the main object of negotiations in 1971.

Given the unprecedented concession from Fiat and Italy, the report prepared by the negotiation team for the Supreme Chamber of Control explored the motivations of the licence-provider. The authors stressed the rising competition of automobile companies in Western Europe, Fiat's ambition to expand to new markets, as well as its need to create a supply base outside of Italy, where upheavals interrupted production. They also emphasised that opening a big credit line would foster exchange with Poland and allow Fiat to increase political influence in Italy. Finally, the report pointed to the aspirations of the new Fiat CEO, Giovanni Agnelli. According to the report, concluding 'one of the most significant economic agreements between the countries of different systems' could bolster his

⁷⁰⁴AAN, MHZ 351, 4/733, 'Sprawozdanie z zespołu negocjacyjnego' (Report on negotiations), Report by Ministry of Machine Industry, Association of Machine Industry, Foreign Trade Enterprise Pol-Mot, November 1971, 45

⁷⁰⁵AMSZ, Dep. IV, 27/77, w.7, 'Protocole entre le gouvernement de la République Populaire de Pologne et le Gouvernement de la République Italienne sur l'élargissement de la coopération économique, industrielle et technique dans le domaine de l'industrie automobile', 27 November 1971, 2.

⁷⁰⁶AAN, KC PZPR 1354, XI/665, 'Sprawozdanie Ministra Przemysłu Maszynowego', 6.

⁷⁰⁷AAN, MHZ 351, 4/733, 'Sprawozdanie z zespołu negocjacyjnego', 103.

⁷⁰⁸AAN, MHZ 351, 4/733, 'Sprawozdanie z zespołu negocjacyjnego', 84.

⁷⁰⁹Długosz, *Jak zadłużyłem PRL*, 27

⁷¹⁰AIPN, 01739/185 mf, 'Pismo ministra przemysłu maszynowego Tadeusza Wrzaszczyka do ministra spraw wewnętrznych Wiesława Ociepki, 30 December 1971, k. 85; AIPN, 01789/211, mf., 'Sprawozdanie Zespołu za rok 1971', 5 January 1972, k.3-4 cited after: Krzysztof Bagiński, 'Wkład wywiadu gospodarczego w rozwój przemysłowy w dekadzie Gierka', in Krzysztof Rybiński (ed.), *Dekada Gierka. Wnioski dla obecnego okresu modernizacji Polski* (Warszawa: Akademia Finansów i Biznesu Vistula, 2011), 63.

political position.⁷¹¹

This interpretation of Fiat's corporate strategy was a sound one. Rising competition in the Western European automobile sector had indeed threatened the dominance of the company, which in 1969 still held 70 per cent of the Italian market.⁷¹² Additionally, workers' strikes, which emerged in northern Italy in 1969 and continued through the coming years, had negatively affected Fiat production. However, as demonstrated by Valentina Fava, interest in the region was not only driven by economic goals. In the 1960s and 1970s, Fiat's management had a political ambition of easing Cold War tensions and to that end acquire more political clout in Italy, Europe, and in its relations with the US.⁷¹³ Having almost a monopolistic position in Italy, the Fiat empire was often referred to as a 'state within the state', which explains its influence and political aspirations. Agnelli, Fiat's CEO since 1966 and grandson of the company's founder, was a leading Italian industrialist and a politically active figure. He held an influential position in the political scene and was often called a 'shadow foreign minister', 'permanent ambassador' and even the 'king of republican Italy'.⁷¹⁴

After reaching the agreement, the Fiat management played up the deal. Newspapers from Turin described the agreement as a huge political achievement and quoted Agnelli, who declared: 'An agreement like this one can only improve and cement relations between Poland and Italy. It is a concrete means of tightening connections between Eastern and Western Europe in the world, which, for progress, needs peace and friendship'.⁷¹⁵

6.4. The deal of the decade

The Fiat-Pomot cooperation indeed had a positive influence on bilateral relations between Poland and Italy. Studies on relations between the two countries in the 1970s tend to assume that it was subordinated to Poland's relationship with the FRG. According to Sara Tavani, the 'golden decade' in Polish-Italian relations emerged as a by-product of Poland normalising its relationship with the FRG.⁷¹⁶ Dariusz Jarosz and Maria Pasztor, for their part, stress the persistent political

⁷¹¹AAN, MHZ 351, 4/733, 'Sprawozdanie z zespołu negocjacyjnego', 3-4.

⁷¹²Maielli, 'The Machine that Never Changed', 257.

⁷¹³Fava, 'Between Business Interest'.

⁷¹⁴Valerio Castronovo, 'Gianni Agnelli and Enrico Mattei', in Erik Jones and Gianfranco Pasquino (eds.), *The Oxford Handbook of Italian Politics* (Oxford: Oxford University Press, 2015), 358-67.

⁷¹⁵*La Stampa*, 31 October 1971.

⁷¹⁶Tavani, 'Muddling Through the European Bloc System', 147-68.

differences between Poland and Italy, which in their view were not overcome in the 1970s. These differences were caused by Italy's strong commitment to the project of European integration, to the transatlantic alliance, and above all to its relationship with the FRG. The last issue found reflection in Italian support for the FRG's position in the run-up to the CSCE. The Italian government advocated the acceptance of border changes according to the national self-determination rule, which was opposed by a Poland worried about its Western border.⁷¹⁷

From the Polish perspective, however, reinvigorating its relations with Italy was not part of its policy towards the FRG, but rather an alternative to it. Polish foreign policy guidelines from 1971 claimed that Poland should: 'use any opportunity to fuel Italy's ambition to play a more independent role in European détente and to that end create a counterbalance to the FRG's dominance in the Community'.⁷¹⁸ Moreover, Polish experts from the Ministry of Foreign Trade and the Ministry of Foreign Affairs looking at the EEC envisaged Italy as an ally of socialist regimes among the organisation's members and hoped that it would protect countries like Poland from new harmful regulations.⁷¹⁹ As stated in an article on Italian foreign policy in the *Sprawy Międzynarodowe*: 'Italy had always been against the isolation of the EEC from the rest of Europe'.⁷²⁰ Such a depiction of Italy was primarily colored by the paramount importance that economic cooperation played in the relationship between the two countries. Although political differences persisted, economic interests fostered and solidified the relationship.

Cooperating with the Italian flag company exposed Poland to other Italian companies which Fiat cooperated with and facilitated its search for new partners and business opportunities in Italy. For example, in 1972, Poland concluded an agreement for the construction of the Gdańsk Refinery with Snamprogetti, which formed part of Ente Nazionale Idrocarburi, the national gas and oil company. Moreover, the motorisation of Poland triggered new topics such as the construction of roads. In light of the cooperation with Fiat, Italy became a natural partner for such projects. Among other deals on road construction, the idea of a North-South highway became a joint initiative of two countries.⁷²¹ Within two years of signing the deal on Fiat 126, Poland's economic exchange with Italy had more than doubled.⁷²²

⁷¹⁷Jarosz and Pasztor, *Nie tylko Fiat*, 196-224.

⁷¹⁸AAN, KC PZPR 1354, V/92, 'Kierunki działania Ministerstwa Spraw Zagranicznych na rok 1971', 25.

⁷¹⁹AMSZ, Dep. IV, 46/77, w.10, Memo by Staniszewski, 16 February 1972, 1.

⁷²⁰Eugeniusz Możejko, 'Główne kierunki włoskiej polityki zagranicznej' *Sprawy Międzynarodowe* 6 (1974), 105

⁷²¹Jarosz and Pasztor, *Nie tylko Fiat*, 338.

⁷²²Jarosz and Pasztor, *Nie tylko Fiat*, 323.

Diplomatic relations profited from the heightened economic exchange, and the question of cooperation in the automobile industry entered diplomatic talks with Italian politicians. This was the case already during negotiations with Fiat in 1971, which involved the Italian government. In 1973, the Polish minister of foreign affairs visited Italy for the first time since the Second World War. During Stefan Olszowski's talks in Rome with Italian Minister of Foreign Affairs Aldo Moro, cooperation in the automobile sector was also discussed.⁷²³ Moreover, according to Władysław Władyka from Pol-Mot, Fiat's management played an important unofficial role in the relationship between the two countries. For example, he recalls that in the second half of the 1970s, Fiat facilitated an unofficial meeting between Polish politicians and Giulio Andreotti, the Italian prime minister. Similarly, during strikes in Turin in the second half of the 1970s, the PUWP arranged and mediated a meeting in Warsaw between Agnelli and the Italian Communist Party.⁷²⁴

While strengthening and fostering the relationship with Italy, the agreement with Fiat from 1971 also had symbolic meaning for Poland's new economic strategy. Soon after the transaction was reached, it became an emblematic East-West cooperative agreement. Internal reports on licence policy described the Fiat deal as an example of good practice in international economic cooperation.⁷²⁵ Similarly, politicians and foreign trade representatives started referring to the Fiat agreement in discussions about the West with other companies and governments. For instance, during economic negotiations with the RFG's representatives in 1972, Jaroszewicz pointed to the Fiat case and argued that a favourable governmental attitude could facilitate the expansion of economic cooperation.⁷²⁶ Additionally in his report from 1973, the British ambassador to Poland described his conversation with an official from the Polish Foreign Trade Ministry, who encouraged British interest in the Polish market by stating that: 'the successful deal with Fiat had created a very warm climate for Italian business'.⁷²⁷

These arguments and the rise of economic and political cooperation between Poland and Italy

⁷²³AAN, KC PZPR 1354, XI/490, 'Pilna notatka. Wizyta Ministra Spraw Zagranicznych PRL we Włoszech' (On minister of foreign affairs visit in Italy), Memo by Ministry of Foreign Affairs, 14 November 1973, 7.

⁷²⁴Andrzej Władyka, 'Mały, ciasny ale własny, czyli historia 126p' *Polityka*, 2 November 2011, <https://www.polityka.pl/tygodnikpolityka/historia/1520628,1,maly-ciasny-ale-wlasny-czyli-historia-126-p.read> (accessed: 21 September 2020).

⁷²⁵E.g. AAN, KC PZPR 1354, V/113, 'Kierunki doskonalenia polityki licencyjnej', 13.

⁷²⁶AMSZ, Dep. IV, 45/77, w. 11, 'Protokół z rozmowy Prezesa Rady Ministrów P. Jaroszewicza z Wiceprzewodniczącym SDP i Przewodniczącym frakcji SDP w Bundestagu, H. Wehnerem', 7 February 1972 cited after: Jarząbek, *Polska Rzeczpospolita Ludowa wobec*, 280.

⁷²⁷TNA, FCO 28/1931, 'Polish Ministry of Foreign Trade', British embassy in Warsaw to London, 31 August 1972, 1.

following the Fiat deal fuelled the appetite of other Western companies and governments in reinvigorating East-West relations. The details of cooperation with Fiat were monitored and described by the Ministries of Foreign Affairs in other Western European states.⁷²⁸ When later preparing business offers for Poland, they used Fiat's terms as a benchmark.⁷²⁹ In the case of credits, the beneficial conditions offered by Italian banks to the USSR, Poland, and the other socialist regimes, even raised objections of the other EEC members, who accused the country of setting a dangerous precedent and called for better coordination of credit policy among the organisation's members.⁷³⁰

Not only the deal with Fiat but also the launch of mass motorisation had an enormous symbolic meaning. For Western observers, it epitomised a turn towards consumption, liberalisation, and the opening up of business possibilities. For Polish society, concluding the deal on the Fiat 126 was the fulfilment of a long-awaited promise of individual motorisation.

The socialist leadership consciously fuelled the sentiment of enthusiasm that accompanied the launch of car production. Unlike in case of the first deal with Fiat, which was announced to the public almost a year after being concluded, this time the press trumpeted the purchase of the licence.⁷³¹ Even *Trybuna Ludu*, the PUWP press outlet, announced the 'popular car for the society' on its first page.⁷³² In November 1972, the Fiat 126p was unveiled to the public in Warsaw. The newspapers covered the event and enumerated the car's advantages.⁷³³ Since then, the Ministry of Machine Industry used 50 original Italian models for advertising Fiat across the country.⁷³⁴ Apart from articles in the press and official displays, Fiat 126p became an element of popular culture, appearing on stamps, postcards, and in films.⁷³⁵

These means aimed to promote the government's pre-sale scheme, launched officially in 1972. The program was a huge success, and already in 1974, car savings constituted around 2.5 per cent of all domestic savings. By this time, the number of people who enrolled in the scheme had reached

⁷²⁸PA AA, BA63/473, 'Italienisch-polnische Zusammenarbeit. Protokoll zum Fiat-und POLMOT-Vertrag und italienischen 85 Millionen Dollar-Kredit', FRG embassy in Warsaw to Bonn, 1 December 1971.

⁷²⁹CADC, 199QO/430, 'Affaire Berliet', D'Aumale to French embassy in Warsaw, 6 June 1972.

⁷³⁰HAEU, CM2/1973, 1480, 'Assurance-crédit, garanties et crédits financiers', 14 March 1973.

⁷³¹Hubert Wilk, 'Próba modernizacji', 427.

⁷³²*Trybuna Ludu*, 30 October 1971, 1.

⁷³³*Życie Warszawy*, 10 November 1972.

⁷³⁴AAN, KC PZPR 1354, XI/665, 'Informacja nr 6 o stanie realizacji przygotowań do uruchomienia produkcji popularnych małodziałających samochodów osobowych w resorcie przemysłu maszynowego' (on production of small-engine cars), Report by Ministry of Machine Industry, March 1973, 15.

⁷³⁵Przemysław Semczuk, *Maluch. Biografia* (Warszawa: Znak, 2014); Radosław Bugowski, 'Polski Fiat jako 'miejsce pamięci'. Rola i obrazy marki w kulturze polskiej drugiej połowy XX wieku. Refleksje wokół koncepcji', *Klio* 16:1 (2011): 123-39.

almost 170,000.⁷³⁶ The car's relatively low price, set for 69,000 zlotys, further drove its popularity. Although according to estimations, this sum amounted for 20 average monthly incomes in 1974, its market price hovered around 110,000-115,000 zlotys.⁷³⁷ However, the car was supposed to be accessible only through a voucher system accompanying the pre-sale scheme. Such a voucher was received either after completing savings or as a reward for privileged industrial sectors and individuals. This system became the root of massive corruption practices that arose around the Fiat distribution.⁷³⁸ A similar phenomenon also occurred in other socialist states.⁷³⁹

6.5. The production of Italian cars in Poland

While the symbolic life of the Polish Fiat flourished, the process of launching a new plant proceeded at full speed. The car was supposed to be produced in the new Small Engine Car Factory (Fabryka Samochodów Małolitrarzowych, FSM) in Bielsko-Biała and Tychy in Silesia. From the beginning of talks with Fiat on the extension of cooperation, the region had been envisaged as a new hub for cars production. The new FSM director, Ryszard Dziopak, was closely acquainted with Wrzaszczyk and Gierek, and from the late 1960s had lobbied with them for producing cars in Silesia. After the launch of the cooperation, he became one of the key figures responsible for the project of motorisation.

In the early 1970s, the government regularly verified the progress of the works. A report prepared by the FSM from early 1973 claimed: 'Despite the existing obstacles, the progress of the project should be assessed positively and does not threaten the launch of production'.⁷⁴⁰ Indeed, production of cars in the new factory was initiated four months earlier than planned, in June 1973.⁷⁴¹ However, the obstacles mentioned in the previous reports persisted and were articulated again in the report from Dziopak in January 1974, igniting debate among the members of government.

⁷³⁶ Jastrząb, 'Fiat's small cars', 44.

⁷³⁷ Rurarz, *Bylem doradcą Gierka*, 116.

⁷³⁸ Mariusz Jastrząb, 'Cars as favors in People's Poland', in Lewis Siegelbaum (ed.), *The Socialist Car. Automobility in the Eastern Bloc* (Ithaca New York: Cornell University Press, 2011), 30-46.

⁷³⁹ On informal car distribution practises in other socialist regimes: Luminita Gatejel, *Warten, hoffen und endlich fahren. Auto und Sozialismus in der Sowjetunion, in Rumänien und der DDR (1956-1989/91)* (Frankfurt am Main and New York: Campus Verlag, 2014); Alena Ledeneva, *Russia's Economy of Favours: Blat, Networking, and Informal Exchange* (Cambridge: Cambridge University Press, 1998); Siegelbaum, *Cars for Comrades*, 173-211.

⁷⁴⁰ AAN, KC PZPR 1354, XI/665, 'Informacja Nr 6 o stanie przygotowania do produkcji', 17.

⁷⁴¹ Jastrząb, 'Fiat's small cars', 45.

The first problem concerned the coordination of domestic production. While the FSM produced 67 per cent of 3,148 car components, the rest was produced in other factories, 19 per cent of which did not fall under the authority of the Ministry of Machine Industry.⁷⁴² Wrzaszczyk and its other representatives accused other ministries of not fulfilling their obligations and delaying production. But the ministers representing different sectors refused to dedicate their budget to expenditures of the Ministry of Machine Industry, and demanded more funds.⁷⁴³ For example, the minister of heavy industry complained about the ‘enormous amounts of screws’ that the production of cars requires.⁷⁴⁴ Such conflicts also involved the question of domestic distribution. While the Ministry of Machine Industry aimed to control the sale of all car-related products, the minister of domestic trade and services assumed it his competence. In internal debates, he stressed that automobile goods had a huge impact on the domestic market and that their sales needed to remain coordinated with other products.⁷⁴⁵ However, Wrzaszczyk and the FSM aimed to seize control over the entire automobile industry and thereby increase their competences.

The second problem brought to light by Dziopak’s report also involved deliveries, but from the other socialist regimes. According to initial plans, 10 per cent of components in cars were supposed to arrive from CMEA states. However, already in 1973, a report indicated that their contribution would be much more modest.⁷⁴⁶ In 1974, it fell to 3.8 per cent, and Dziopak’s report explained the phenomenon: ‘given the problem with launching production, foreign suppliers are not willing to cooperate, or they propose long schedules and exaggerated prices’.⁷⁴⁷ This flaw had severe consequences for the cost of production, as the missing components needed to be bought on the capitalist market. Moreover, according to the report, the prices for machines increased by 7-11 per cent annually. For these reasons, in 1974, the cost of production for one car increased from 43,500 zlotys to 45,000 zlotys.⁷⁴⁸ Given the changes in initial plans and unexpected expenditures, the

⁷⁴²AAN, URM 290, 5.4/71, ‘Informacja o stanie realizacji przygotowań do produkcji małodlitrażowego samochodu osobowego Polski Fiat 126p w resorcie przemysłu maszynowego’ (on production of small-engine cars), Report by Ministry of Machine Industry for government, prepared by Dziopak, accepted by Szotek, January 1974, 13-14.

⁷⁴³AAN, URM 290, 5.4/34, ‘Protokół Nr 15/97 z posiedzenia Prezydium Rządu’ (Protocol from Presidium of Government meeting), 12 May 1972, 10.

⁷⁴⁴AAN, URM 290, 5.4/71, ‘Zapis przebiegu obrad posiedzenia Prezydium Rządu’, 122.

⁷⁴⁵AAN, URM 290, 5.4/47, ‘Zapis przebiegu obrad posiedzenia Prezydium Rządu’ (Minutes from Presidium of Government meeting), 23 February 1973, 101-26.

⁷⁴⁶AAN, KC PZPR 1354, XI/665, ‘Informacja Nr 6 o stanie przygotowania do produkcji’, 9.

⁷⁴⁷AAN, URM 290, 5.4/71, ‘Zapis przebiegu obrad posiedzenia Prezydium Rządu’, 114; AAN, URM 290, 5.4/71, ‘Informacja o stanie realizacji przygotowań do produkcji małodlitrażowego samochodu’, 16.

⁷⁴⁸AAN, URM 290, 5.4/71, ‘Informacja o stanie realizacji przygotowań do produkcji małodlitrażowego samochodu’, 19-20.

Ministry of Machine Industry not only regularly requested more funds, but also demanded broader freedom concerning its budget.

While the ideas of gaining control over other industrial sectors and broadening ministry competencies were not systemically accommodated, in 1974, the government positively responded to the proposal of extending car production. Although the FSM had the capacity to produce 300,000 cars annually, the initial plans assumed only half that number.⁷⁴⁹ In 1974, Dziopak and the Ministry of Machine Industry put forward a proposal to increase the number of cars produced each year to 200,000. Szotek, who presented the proposal during a Presidium of Government meeting, claimed that the oil crisis created new opportunities for small car producers: ‘our car is a hit in the bull’s eye, because in these circumstances the demand for such a car is skyrocketing’. Szotek further attracted members of the meeting by claiming: ‘we have an enormous chance to use this additional production [...] for exports’. He also stressed that the decision needed to be made immediately because of the rising prices of machines and that it could be financed from the remaining credit from the Fiat transaction of 1971. Although the government accepted the proposal, not all the meeting participants agreed with the decision. The deputy chairman of the Planning Commission, Józef Pińkowski, remarked: ‘We face an important project, which has advantages and intriguing aspects, described by comrade Vice Minister Szotek, but which also carries risks, which Minister Szotek did not talk about’. He further stressed that the decision should not be made based on immediate developments, because cars would be produced in these numbers at the end of the 1970s, when the situation on the automobile market could be totally different. On the other hand, Kazimierz Olszewski, a vice prime minister and former minister of foreign trade, positively assessed the idea but claimed that it could not be immediately implemented. He concluded with the words: ‘Comrades, the situation is tight, we cannot afford it’.⁷⁵⁰

Regardless of these objections, after receiving the government’s approval, Pol-Mot, represented by Władyka, relaunched negotiations with Fiat. Unlike on the previous occasion, however, the company’s management was not eager to offer Poland special terms. Instead, it demanded additional charges for reorganising plans and broadening cooperation. Despite insistence on the Polish side, Fiat

⁷⁴⁹ Jastrząb, ‘Fiat’s small cars’, 45.

⁷⁵⁰ AAN, URM 290, 5.4/71, ‘Zapis przebiegu obrad posiedzenia Prezydium Rządu’, 112-50.

also refused to offer any export guarantees for additional production.⁷⁵¹ As a Polish report from the negotiation stressed, a difficult economic situation caused by the oil crisis and continuous unrests in Italy did not allow Fiat to undertake additional commitments.⁷⁵² Indeed, the external developments and rising domestic tension made the 1970s the most challenging decade in Fiat's history. In 1976, Agnelli even decided to sell 10 per cent of his shares in the company to Libya.⁷⁵³

Thus, the volume of production increased without export guarantees from Fiat. Given that the company's commercial network had the exclusive right to sell Fiats 126p to capitalist states, the additional cars had to be directed either to the domestic market or to the CMEA. According to Dziopak's report, the latter was highly problematic because of the disadvantageous exchange rate of the transferable rubles. According to a calculation from 1974, the export of cars to socialist countries would not become profitable even by the 1980s.⁷⁵⁴ Moreover, as correctly pointed out by Jan Chyliński, deputy chairman of the Planning Commission: 'In the socialist states, the price of cars is very low and imposed by the biggest exporters, the Soviet Union'. Also, as Szotek explained during the Presidium of Government meeting, unprofitable exports would prohibit FSM from rewards and cause discontent among factory's employees. In order to overcome this problem, the Ministry of Machine Industry and the FSM proposed to use a different, higher convertibility rate specifically for cars. However, unlike the idea of broadening production, this proposal did not receive government approval. It was fiercely criticised by Jędrychowski, the minister of finance, who believed convertibility rates need to remain equal for all products. This point of view, however, was not shared by Jaroszewicz, who argued: 'We have to get this matter done because it limits our exports and when something limits our exports we cannot be restrained by any financial or banking canons. We cannot be only bankers and statisticians, we have to look after our exports. We have to be such economists as is our economy'. Despite the attack from the Prime Minister, Jędrychowski resisted, claiming: 'I need to defend this matter until the end'.⁷⁵⁵ Although he managed to keep the exchange rates intact,

⁷⁵¹AAN, NIK 1154, 85/41, 'Oświadczenie do protokołu inspektora N.I.K. Ob. Konstantego Zadory z dnia 14.I.1975 w sprawie podpisania 'Addendum Nr 3 z firmą Fiat dotyczącego zwiększenia produkcji mod. 126' (on increase of production of Fiat 126), Report by Władyka and Drozda, 10 January 1975, 5.

⁷⁵²AAN, NIK 1154, 85/41, 'Protokół z kontroli Przedsiębiorstwa Handlu Zagranicznego Przemysłu Motoryzacyjnego 'POL-MOT' w Warszawie' (protocol from control in Pol-Mot), 14 January 1974, 7.

⁷⁵³Arnaldo Camuffo and Giuseppe Volpato, 'Making manufacturing lean in the Italian automobile industry: the trajectory of Fiat', *Actes du Gerpisa*, 10 (1994): 36-41; Vittorio Castronovo, *Fiat: 1899-1999: Un secolo di storia italiana* (Milan: Rizzoli, 1999), 1054-9.

⁷⁵⁴AAN, URM 290, 5.4/71, 'Informacja o stanie realizacji przygotowań do produkcji małolitrażowego samochodu', 21-2.

⁷⁵⁵AAN, URM 290, 5.4/71, 'Zapis przebiegu obrad posiedzenia Prezydium Rządu', 112-50.

the Ministry of Machine Industry pushed through an alternative system of calculating the effectiveness of its production. By excluding the burden of the foreign currency debt from estimations of its profitability, the FSM industry could easily claim to be the best performing plant and secure lucrative rewards for its employees.⁷⁵⁶

Despite Szotek's promise to use the additional production for export, the lion's share was supposed to be distributed domestically. The initial plans assumed that of 600,000 cars produced between 1973 and 1980, only 75,000 would be directed for export, among which 50,000 to Fiat, which distributed them through its commercial network.⁷⁵⁷ The broadening of the agreement with Fiat resulted in 250,000 additional cars by 1980, which were also supposed to be distributed largely to domestic consumers. However, some of them were also directed to the socialist states. Cooperation agreements between the Soviet and the Yugoslav automobile industries, also producing based on the Fiat licence, allowed a beneficial car and components exchange with these countries.⁷⁵⁸

6.6. Cooperation in uncertain times

In 1975, the works for the construction and extension of the new plant were complete, and from 1973 the FSM was producing, gradually moving to its full capacity of 200,000 annually. Despite previous problems, a report prepared by Szotek and Wrzaszczyk taking stock of the progress of investments assessed the situation positively. According to the authors, the factory would be able to produce more, and more cheaply, than initially assumed. In 1975, they expected it to produce 5,000 cars more and in 1976 and 1977 10,000 more. Moreover, while according to the initial plans, domestic components were supposed to constitute 10 per cent of production in 1974 and 25 in 1975, they constituted 25 and 50 per cent respectively. Additionally, Wrzaszczyk and Szotek claimed that the Polish engines produced at the FSM and exported to Fiat would bring higher exports revenues than assumed, despite the recession in capitalist countries.⁷⁵⁹

Furthermore, the domestic distribution of cars proved successful, and, in 1974, the first 10,000

⁷⁵⁶ Jastrząb, 'Fiat's small cars', 46.

⁷⁵⁷ AAN, KC PZPR 1354, XI/665, 'Założenia przedpłaty popularnego samochodu osobowego' (on pre-sale of small engine cars), Report by Ministry of Finance, December 1971, 2.

⁷⁵⁸ Janina Laudańska, 'Program powiązań kooperacyjnych z krajami zachodu (artykuł dyskusyjny)', *Handel Zagraniczny* 3 (1976), 32.

⁷⁵⁹ AAN, KC PZPR 1354, V/129, 'Informacja o stanie realizacji decyzji Biura Politycznego Komitetu Centralnego PZPR oraz uchwał Rady Ministrów w sprawie zwiększenia produkcji małolitrażowych samochodów osobowych Polski Fiat 126P' (On increase of small-small engine car production), Report by Ministry of Machine Industry, March 1975.

cars drove onto Polish roads. This only added to the increase in domestic distribution of Fiats 125p and imports of other cars, which boosted Polish motorisation. The number of vehicles per 1,000 people rose from 15 in 1970 to 29 in 1975.⁷⁶⁰ This phenomenon took place in all socialist regimes, which, apart from Hungary, by the mid-1970s all had their automobile industries.

Unlike 'Syrena', whose failure rate in the 1970s ranged between 12 and 22 per cent, in the first half of the 1974 only 3 per cent of Fiats 126ps turned out badly. For the Fiat 125p, this rate was even lower.⁷⁶¹ The number of people who signed up for the pre-pay scheme reflected the enormous popularity of Fiat car. By 1975, among 200,000 cars designed for domestic distribution between 1974 and 1978, 88,6 per cent had been accommodated. At this point, the government suspended the scheme and announced its revision. According to the Ministry of Finance, which prepared the decision, the price of the car had been proposed based on outdated assumptions and needed to be increased. He also suggested considering other means of distributing cars, for example, auctions.⁷⁶²

The good results of the Polish mass motorisation program were accompanied by a favourable climate in Polish-Italian relations. Foreign trade revenues between the two countries rose from 0.9 billion exchange zlotys (0.3 billion US dollars) in 1971 to 2.4 billion exchange zlotys (0.7 billion US dollars) in 1975.⁷⁶³ In 1974, Poland and Italy signed a ten-year agreement on the development of economic, industrial, and technological cooperation. The differences between Poland and Italy concerning the CSCE were successfully overcome, and both countries committed to the Helsinki Final Act. On this occasion, the Italian government granted Poland a new credit line worth 300 million US dollars, signalling its welcoming attitude towards the economic exchange between the two countries.

Yet, domestic development in Poland following the 1976 events negatively affected Poland's international image and the domestic economic situation. Paradoxically, none of this damaged the PolMot-Fiat cooperation. Despite the critique of Poland's disrespect for human rights, in October 1977, Italy for the first time welcomed a visit from the PUWP first secretary. Apart from political and security matters, the visit resulted in a new package of economic agreements, including successfully

⁷⁶⁰AAN, KC PZPR 1354, V/131, 'Podstawowe założenia społeczno-gospodarczego rozwoju', 24-5.

⁷⁶¹AAN, URM 290, 5.4/114, 'Notatka w sprawie jakości wyrobów rynkowych przemysłów maszynowego, lekkiego, ciężkiego' (On products quality), Memo by Interdepartamental team for government, September 1975, 7.

⁷⁶²AAN, KC PZPR, V/129, 'Notatka w sprawie przyjmowania przedpłat na samochód osobowy Polski Fiat 126P' (on pre-sale of small engine cars), General Savings Bank and Ministry of Finance, 28 March 1975.

⁷⁶³Jarosz and Pasztor, *Nie tylko Fiat*, 323.

negotiated new credit lines for Poland, worth 475 million US dollars in total.⁷⁶⁴

Even though in the aftermath of the 1976 events, the Ministry of Machine Industry was in the spotlight of accusations for import-consuming production, raising credits, and unfulfilling debt instalments, the motorisation project did not suffer. Unlike in the case of other investments, neither the FSO nor the FSM was obliged to impose heavy budget cuts and to limit investments. Some scholars try to explain this phenomenon by suggesting that cars served above all as a mean of securing social stability, and thus highly valuable in times of domestic unrest.⁷⁶⁵ However, in light of the above, maintaining investments in the automobile sector was rather the result of the positive effects it brought in recent years and the enormous influence which it gave to the people behind it. In 1975, the architect of Poland's motorisation, Wrzaszczyk became vice prime minister and the chairman of the Planning Commission. This nomination secured the progress of cooperation with Fiat.

As a consequence, in the second half of the 1970s, despite Poland's deteriorating financial situation, cooperation with Fiat accelerated. A working group established in 1971 regularly discussed ideas for broadening the agreement, namely modernising cars models produced in Poland and introducing new ones.⁷⁶⁶ Collaboration between the Polish and Fiat engineers resulted in the launch of a new model, based on Fiat 125p technology. The licence for the exterior design of the new car, as well as machines for modernisation of the FSO and components necessary for production, were purchased in Fiat and other Italian companies and were financed with credit Poland received from Italy in 1975.⁷⁶⁷ From 1978, the new model, 'Polonez', was produced at the FSO alongside the original Fiat 125p. Although the two cars looked different, their main internal components were the same. In a bid to modernise them, another proposal was formulated for cooperation on the acquisition of the licence for the new engine family.

In June 1977, representatives of the Ministry of Machine Industry, including Szotek, discussed the deal with the Italian minister of foreign trade and the representative of Fiat. The costs of the licence and modernisation program again were supposed to be covered by the credit from Italy opened in 1975. After prolonged negotiations, Fiat agreed to export guarantees, including the Polish Fiat 126ps, worth 110 million exchange zlotys (33 million US dollars), and Polonez cars, worth 220

⁷⁶⁴ Tavani, 'Muddling Throgh the European Bloc System', 152.

⁷⁶⁵ Jastrzȳb, 'Fiat's small cars', 46.

⁷⁶⁶ E.g. ASF, PDR1/16, 'Protocollo sulla quinta seduta del Gruppo Misto di lavoro previsto dall'accordo di collaborazione tecnico-scientifica firmato fra il Ministero della Industria Meccanica polacco e la Fiat S.p.A', 6 May 1975.

⁷⁶⁷ ASF, A/287, 'Esportazione verso la Polonia', Italian Ministry of Foreign Trade to Fiat, 25 November 1975.

million exchange zlotys (66 million US dollars), which covered the whole credit except the interest rates. The deal was concluded on 23 November 1977.⁷⁶⁸

In the meantime, another set of agreements was already on the table. Between 1977 and 1979, Pol-Mot and Fiat discussed the production of a new Fiat truck model in the Agricultural Vehicles Factory (Fabryka Samochodów Rolniczych), a new small Fiat 'zero' at the FSM, and the modernisation of the Fiat 126p. The deteriorating financial situation in both countries caused lengthy negotiations. The Italian side even suspended negotiations due to domestic instability. Fiat, as in the case of the previous contract-broadening deal from 1971, was less eager to offer Pol-Mot beneficial terms. While in 1969 the company held 70 per cent of the Italian market, towards the end of the decade its share amounted to 50 per cent.⁷⁶⁹ On the Polish side, from year to year the financial situation was becoming increasingly worse, and numerous investments were put on hold. However, as the FSM successfully continued its deliveries of Fiat engines and Fiat 126ps, the cost of the initial investments was gradually reimbursed. Revenues from exporting to Fiat became one of the critical sources of hard currency for the Ministry of Machine Industry in the late 1970s.⁷⁷⁰

As on previous occasions, export guarantees from Fiat became the main topic of discussion. Poland hoped to continue exporting its 126p engines and, to that end, cover the costs of the new project. However, given that in 1979, Fiat planned to launch model 'zero' based on the different engine, its production of Fiat 126p was supposed to decrease, and it did not require additional components. Similarly, it could not accept more Fiats 125p, which would have competed with its new 131 and 132 models. As a Fiat report on negotiations stated: 'Under these circumstances, we have nothing but either vague promises (not acceptable for Poland) and based on nothing, either very little'. Consequently, Italian negotiators recommended taking drastic measures and terminate Fiat 126 production in Italy, leaving it to be produced entirely in Poland.⁷⁷¹ Fiat's management followed this suggestion, which allowed them to accommodate Pol-Mot's requests.

Despite the purchase commitment from Fiat, which involved 120,000 Fiats 125p and 10,000 trucks by the mid-1980s, Poland still needed to find immediate funds to cover the costs of licences

⁷⁶⁸ASF, PDR1/17, 'Contrat de licence et de collaboration entre Fiat et Polmot signé à Rome le 23 November 1977', November 1977.

⁷⁶⁹Maielli, 'The Machine that Never Changed', 256

⁷⁷⁰AAN, URM 290, 5.4/114, 'Informacja o wynikach zawierania i weryfikacji umów kredytowych na inwestycje, ujęto w załączniku Nr 1 do uchwały Nr 245 Rady Ministrów z dnia 25 października 1974 r. w sprawie zatwierdzenia zweryfikowanego wykazu inwestycji realizowanych w oparciu o kredyty zagraniczne' (on credited investments), Reporty by Trade Bank, December 1975, 6.

⁷⁷¹ASF, A/287, Memo on negotiations with Poland, 24 March 1977, 5.

and new investments. The Ministry of Machine Industry requested that the government authorise continued negotiation with Fiat, estimating that the value of the whole operation would require 570 million US dollars.⁷⁷² Although the expenditures were unplanned, the Polish government authorised the transaction. The costs were supposed to be partly covered by credit lines obtained in 1977 and partly through new credits. These were granted by Italy in 1978 and 1980, with an interest rate 7.75 per cent for five years.⁷⁷³ Regardless of the widespread awareness about Poland's financial situation, the Italian government, encouraged by Fiat, again decided to back the cooperation.

This was the context in which the new contract for PolMot-Fiat cooperation was signed in Poznań on 18 June 1979. The agreement envisaged the continuation of close cooperation in the period 1979-90.⁷⁷⁴ Nevertheless, after the events of 1980, the additional financial commitments became impossible to sustain. Already in early 1981, Poland started missing its debt instalments, which sparked Fiat's concern.⁷⁷⁵ At the end of March, it informed Fiat that works concerning the production of trucks need to be suspended.⁷⁷⁶ The final decision concerning the cooperation took place after the imposition of martial law in December 1981, which implied a heavy discipline on imports and even more importantly signified closing of credit opportunities on the West. In a letter from Władyka to Fiat's management, he stressed that such a situation had no precedent in the relationship between the two sides, and he expressed hope that the situation could be amicably resolved.⁷⁷⁷ Relying on an article in the agreement on 'force majeure', Poland did not have to pay for breaking off the cooperation. However, the costs of initial works concerning the new package of agreements were not reimbursed by Fiat.⁷⁷⁸

Although during the crisis Poland needed to suspend all new investment projects, which included the implementation of licences for a truck and 'zero' model, trade between FSM and FSO and Fiat on components and cars continued. Additionally, in part thanks to Fiat trading network, by 1982, Poland had exported 250,000 Fiats 126p in total.⁷⁷⁹ In 1983, Pol-Mot, with support from Fiat, returned to works on the modernisation of the 126p model. Two years later, it signed another

⁷⁷²AAN, URM 290, 5.4/188, Memo by Ministry of Foreign Trade for government, December 1978.

⁷⁷³Jarosz and Pasztor, *Nie tylko Fiat*, 329; Fiat, A/ 291, 'Nota per Sig. Ing. Ghidella', 2 May 1980.

⁷⁷⁴ASF, PDR1, 17, 'Accord Cadre entre Fiat et Pol-Mot signé à Varsovie le 18 juin 1979', 18 June 1979.

⁷⁷⁵ASF, A/ 291, 'Nota per Sig. Ing. Ghidella', 2 May 1980.

⁷⁷⁶ASF, A/291, Polmot to Fiat, 31 March 1981.

⁷⁷⁷ASF, A/291, Władyka to Fiat, 6 January 1982.

⁷⁷⁸ASF, A/291, Ghidella to Polmot, 26 May 1982.

⁷⁷⁹Jastrząb, 'Fiat's small cars', 47.

agreement on restyling the car.⁷⁸⁰ In this period, Fiat's efforts to rebuild the cooperation mirrored the attempts of the Italian government, which became a frontrunner in establishing political cooperation with Poland after the imposition of martial law.⁷⁸¹ In 1987, when Polish cars were becoming increasingly outdated, Fiat was a natural candidate to provide new technology to the FSM. Despite competition from a Japanese company, Pol-Mot decided to continue cooperation with Italy and acquired a licence for Fiat Uno. Although the Paris Club imposed a ban on providing Poland with credits, Fiat, as a private company, was not subject to these restrictions and itself offered to finance the transaction.⁷⁸² Re-establishing its strong position in Poland after its economic transformation in 1990, Fiat bought 90 per cent of FSM shares.⁷⁸³

Despite the political and economic turmoil and difficulties in the relationship with Fiat and Italy in the early 1980s, Poland's program of mass motorisation continued. In 1981, when the two companies celebrated a sixtieth anniversary of cooperation, the FSM reached a million cars of total 126p production. By 1985, this number had reached 2 million.⁷⁸⁴ Additionally, the number of cars in Poland per 1,000 habitants reached 60 in the 1980s.⁷⁸⁵ Even critics of the policy of the 1970s thus considered cooperation with Fiat a success.⁷⁸⁶ In Poland, the Fiat remains a symbol of economic cooperation beyond the Iron Curtain and consumer culture developed in the 1970s.

⁷⁸⁰Zdzisław Podbielski, *Polskie fabryki samochodów 1946-1989* (Łódź: Księży Młyn), 67; Fiat, KCSFMSC00900501, 5, 'Collaborazione Fiat-Industria automobilistica polacca', February 1986.

⁷⁸¹Tavani, 'Muddling Throgh the European Bloc System', 159.

⁷⁸²DSH, AHM, IS_3_0106, interview with Edward Pietrzak, line 880-1.

⁷⁸³On the privatisation of FSO and FSM see: Petr Pavlínek, 'Restructuring of the Polish Passenger Car Industry through Foreign Direct Investment', *Eurasian Geography and Economics*, 47:3 (2006): 353-77; Aleksandra Leyk and Joanna Wawrzyniak, *Cięcia. Mówiona historia transformacji* (Warszawa: Wydawnictwo Krytyki Politycznej, 2020), 325-410 and 443-53; Jastrząb and Wawrzyniak, 'On Two Modernities'.

⁷⁸⁴ASF, KCSFMSC00900501, 5, 'Storia dei rapporti Fiat-Polonia', 5-6.

⁷⁸⁵Tomka, *A Social History*, 235.

⁷⁸⁶Stefan Jędrzychowski, *Zadłużenie Polski w krajach kapitalistycznych* (Warszawa: Książka i Wiedza, 1982), 86; Długosz, *Służyłem dziewięciu premierom*, 87.

7. Buses

7.1. The bus industry in Poland

In the first years after the Second World War, Poland did not have a developed bus industry. Instead, it relied on buses and technology acquired in the 1930s from Western companies such as British Leyland, French Chausson, and Italian Spa. Only in 1952 did it adapt the old German military plant to reinvigorate domestic bus production. The new Jelcz factory, located in the former German territories, initially produced provisional buses based on truck technology.

However, already in 1958, Jelcz launched cooperation with the Czechoslovakian company Karosa. The ‘cucumbers’, as the buses were referred to due to their cylindrical shape, were constructed in Poland based on foreign technology, and partially using parts arriving from factories in Czechoslovakia, most importantly Skoda’s chassis. The prolonged shipment of those supplies, as well as disagreements between the Polish and the Czechoslovakian side, made the partnership difficult. Additionally, after ten years of cooperation, the buses were becoming increasingly outdated. Eventually, in the late 1960s, Karosa informed Poland about plans to terminate the production of Skoda’s chassis. This pushed the Ministry of Machine Industry to explore options for the possible replacement of Czechoslovakian buses.

On the one hand, engineers in the Jelcz factory initiated independent research on bus construction. On the other hand, Polmo, the Association of Automobile Industry, started to talk to bus producers in both socialist and capitalist countries.⁷⁸⁷ Unlike in the case of passenger cars, many socialist regimes had developed bus industries. Apart from Czechoslovakia, that included especially Hungary and Yugoslavia. However, the list of desired licences prepared by the Ministry of Machine Industry in 1969 indicated that bus technology could be bought in the West specifically, from FRG’s Mercedes, Japanese Mino, French Automobile Marius Berliet (Berliet) or British Leyland.⁷⁸⁸ In the late 1960s, the two last of these firms were even invited to display their buses on the streets of Warsaw.⁷⁸⁹

⁷⁸⁷AAN, KC PZPR 1354, V/98, ‘Rozszerzone uzasadnienie do decyzji Prezydium Rządu w sprawie autobusów dużej pojemności’ (extended justification for government decision concerning buses), Report by Ministry of Machine Industry for Politburo, 10 January 1972.

⁷⁸⁸AAN, MPM 667, ‘Wykaz ważniejszych licencji do nabycia, wdrożenia i rozwoju w latach 1971-1975’ (list of planned acquisitions of licences), June 1969, 42.

⁷⁸⁹*Życie Warszawy*, 13 October 1968, 2; *Życie Warszawy*, 6 November 1969, 4.

While from the late 1960s, the Ministry of Machine Industry, driven by the positive results of the recently concluded deal with Fiat, had an evident preference for buying technology in the West, it is not clear to what extent these plans received the leaderships' blessing. Although the Five Year Plan formulated in 1970 proclaimed improvements in public transport, one of its principal objectives, it did not confirm the goal of buying licences in the West.⁷⁹⁰ Also, purchasing a bus licence was not mentioned during the 1970 Polish-French talks on economic cooperation.⁷⁹¹ It might be supposed that in the late 1960s, some policymakers still pinned their hopes on domestically developed technology, which according to the testimonies of research team members was highly successful, and first trials confirmed it as a well adapted to Polish needs.⁷⁹²

In any case, in the late 1960s, the PUWP leadership supported plans to increase the number of city and inter-city buses. As cars remained a luxury, buses were critical for the country's organisation. Moreover, reinvigorating bus production did not raise any ideological concerns. On the contrary, efficient public transport was an objective of socialist regimes. From a comparative perspective, the number of buses on Polish streets was not significantly lower than in Western Europe. According to estimations, in 1970, the number of passengers per bus amounted to 1,040 in Poland, 1,000 in France but 1,330 in the FRG and 1,900 in Italy. However, in Western Europe, buses were only one among many means of transportation, including a developed railway, tube, and above all, passenger cars. Under these circumstances, and taking into consideration the ideological paradigm, Poland was not satisfied with its results. Moreover, as the estimation revealed, it was falling behind other socialist countries, above all Czechoslovakia and Hungary, which had 720 and 620 passengers per bus respectively. A report prepared by the Ministry of Machine Industry claimed that in order to reach Hungarian results, Poland would need to increase its number of buses by 65 per cent.⁷⁹³ In light of the above, modernising the bus industry had strong ideological motivations and was driven by a comparison with other socialist regimes rather than with capitalist countries.

⁷⁹⁰AAN, KC PZPR 1354, V/90, 'Podstawowe problemy rozwoju gospodarczego Polski w latach 1971-1975', 11.

⁷⁹¹AMSZ, Dep. IV, 27/76 w. 3, 'Notatka na temat aktualnie negocjowanych tematów kooperacyjnych z przemysłem francuskim' (list of topics currently negotiated with French industry), Memo by the Ministry of Foreign Affairs, 23 August 1970, 1-3.

⁷⁹²Wojciech Połomski, *Pojazdy samochodowe i przyczepy Jelcz 1971-1983* (Warszawa: Wydawnictwo Komunikacji i Łączności, 2011), 15.

⁷⁹³AAN, KC PZPR 1354, V/98, 'Rozszerzone uzasadnienie do decyzji Prezydium Rządu w sprawie uruchomienia produkcji autobusów', 4.

7.2. The need for a bus

The new leadership inherited the bus project from the previous leadership. Nevertheless, as Gierek claims in his memoirs, it was he who gave the necessary push to the initiative.⁷⁹⁴ Indeed, after the events of December 1970, talks about buses acquired a new dynamic. From early 1971, reports on licence policy included it as one of the items targeted for modernisation through foreign technology.⁷⁹⁵ Moreover, lists of projects that were supposed to be covered with Western loans included a bus licence.⁷⁹⁶ In January 1972, the government confirmed the decision and authorised the Ministry of Machine Industry to collect the offers.⁷⁹⁷ After this task was completed, the government specified its expectation from the project in a new decision from 14 January 1971. By 1978, the Jelcz factory was supposed to produce 5,000 buses annually, and the costs of the entire investment were not supposed to exceed 240 million exchange zlotys (72 million US dollars) by 1980.⁷⁹⁸

The explanation attached to the decision reveals more about the goals of buying a bus licence. Apart from improving public transport, the document stressed the necessity to enhance the quality of passengers' experience as well as drivers' working conditions. It also suggested that bus technology could serve in the construction of other automobile vehicles, including trucks. Eventually, the explanation claimed, given the relatively cheap costs of bus production in Poland, buses could also serve as an export good. If constructed on the licence from one of the capital companies, it could 'compete on the markets of developing and highly developed states'.⁷⁹⁹ However, at the same time, it recommended giving priority to offers from the socialist regimes.⁸⁰⁰

Initially, Poland hoped to buy a license jointly and combine bus production with Hungary.

⁷⁹⁴ Gierek and Rolicki, *Replika (wywiad rzeka)*, 95.

⁷⁹⁵ AAN, KC PZPR 1354, V/93, 'Zamierzenia w zakresie polityki licencyjnej w latach 1971-1975', 12.

⁷⁹⁶ AAN, KC PZPR 1354, V/93, 'Wstępny wykaz przedsięwzięć /zadań/ inwestycyjnych przewidywanych do rozpoczęcia w 1972 w oparciu o zakupy kredytów' (list of planned credited investments), appendix to: 'Informacja o wstępnym programie przedsięwzięć przewidywanych do realizacji w 1972 roku w oparciu o kredyty zagraniczne z krajów kapitalistycznych' (on planned investments based on credits from capitalist countries), Report by Planning Commission for Politburo, 16 July 1971, 3.

⁷⁹⁷ AAN, URM 290, 5.4/22, 'Decyzja nr 91/71 Prezydium Rządu' (government decision), 15 July 1972.

⁷⁹⁸ AAN, KC PZPR 1354, V/98, 'Protokół Nr 6 z posiedzenia Biura Politycznego KC' (Protocol from Politburo meeting), 27 January 1972, 4-5; AAN, URM 290, 'Decyzja nr 10/72 Prezydium Rządu' (government decision), 14 January 1972.

⁷⁹⁹ AAN, KC PZPR 1354, V/98, 'Uzadanie do decyzji Prezydium Rządu' (justification for government decision concerning buses), Ministry of Machine Industry to government, 3.

⁸⁰⁰ AAN, KC PZPR 1354, V/98, 'Uzadanie do decyzji Prezydium Rządu', 4.

However, the potential partner rejected the proposal, instead sending an offer for Ikarus bus technology.⁸⁰¹ Also Czechoslovakian Karosa, despite previous controversies, stood to the competition. The Polish side quickly dismissed both proposals. The Ministry of Machine Industry assessed Hungarian technology as incomplete and expensive. Similarly, the Czechoslovakian offer was rejected based on previous experience, especially the high failure rates of ‘cucumbers’. Specifically, the report claimed that Karosa did not ‘fit the modernity criteria’.⁸⁰² According to Rurarz, the decision to reject Czechoslovakian and Hungarian offers was incomprehensible. In his view, given the fact that buses were predominately needed for domestic distribution, not for exports, they did not require modern and expensive Western technology.⁸⁰³

Despite these objections, the supplier was supposed to be chosen from among five different producers from the capitalist states who sent offers: Western German Klöckner-Humboldt-Deutz, British Leyland, Italian Fiat, French Berliet and Japanese Hino. The last one, despite its technological advantages and low price, was quickly rejected due to geographical distance, which implied high costs of deliveries. Among the four others, Poland had already established cooperation with two. The British company had provided the engine technology for agricultural machines since 1966, and Fiat was a source of technology to produce cars, both relevant for the construction of other mechanical vehicles. According to Polish demands, many of those elements, and notably, the locally produced Leyland engine, were supposed to be integrated into the new bus technology. In this context, broadening existing cooperation would probably have a positive impact on the efficiency of the automobile industry. Due to existing relations, British and Italian offers were also more competitive financially. At the same time, neither the Fiat nor the Leyland proposal fitted all the technical criteria set for the new bus. On the other hand, the Kloeckner-Humboldt-Deutz bus also fitted the criteria and was assessed as the most technologically advanced choice. Despite its high price, the company offered significant export guarantees. While matching all the criteria set by the government, the French offer was neither the most technologically sophisticated one nor the most financially competitive. Nevertheless, in January 1972, the Ministry of Machine Industry recommended continuing talks with

⁸⁰¹AAN, KC PZPR 1354, XI/664, ‘Informacja nr 1 dotycząca realizacji Decyzji nr 91/70 Prezydium Rządu z dnia 15 lipca 1971 r. W sprawie uruchomienia produkcji wysokopojemnych autobusów miejskich i międzymiastowych w resorcie przemysłu maszynowego’ (on buses production), 15 July 1971.

⁸⁰²AAN, KC PZPR 1354, V/98, ‘Uzadanie do decyzji Prezydium Rządu’, 5.

⁸⁰³Rurarz, *Byłem doradcą Gierka*, 117.

Berliet, alongside talks with Klöckner-Humboldt- Deutz.⁸⁰⁴

The prospect of cooperating with the French company encountered substantial resistance from technical milieus, which favoured cooperation with the FRG or the UK.⁸⁰⁵ According to one of the main bus constructors in Poland, from a technical point of view, the choice of France as a supplier was incomprehensible.⁸⁰⁶ In addition, the Soviet Union allegedly opposed cooperation with Berliet. As recalled by the Rurarz, Moscow was tempted by the engine of FRG's buses, which could have also been applied for military use, and thus encouraged Polish policymakers to make a deal with Klöckner-Humboldt- Deutz.⁸⁰⁷ The critique of Berliet offer also arrived from secret services, which monitored the negotiations.⁸⁰⁸

The agreement with France, however, suited Poland's foreign policy agenda. From the time of de Gaulle's visit to Poland in 1967, France was perceived as an attractive partner in the West. The exit from NATO structures, as well as concerns about the FRG's growth and potential German reunification, were regarded as principal signs of Polish-French unity of goals in Europe. These political similarities allowed the two countries to agree on objectives before the planned CSCE, including above all the inviolability of European borders, critical from the Polish perspective.⁸⁰⁹ This foreign policy agenda was further pushed by the new first secretary, Gierek, who himself grew up in France and could easily communicate with French politicians.⁸¹⁰ Since 1971, the reports by the Ministry of Foreign Affairs described France as 'the closest and the natural partner' in the West.⁸¹¹

Despite ambitious goals concerning political cooperation, in the late 1960s, economic exchange with France fell behind such dealings with the FRG and the UK. In order to cement the political rapprochement, Poland and France signed their first treaty on economic cooperation after the Second World War in 1969. The same year, the two countries established a mixed-Commission, which held annual meetings on economic cooperation. Reports prepared by the Ministry of Foreign Affairs from

⁸⁰⁴AAN, KC PZPR 1354, V/98, 'W sprawie uruchomienia produkcji autobusów o dużej pojemności' (on buses production), Report by Ministry of Machine Industry for Politburo, 27 January 1972.

⁸⁰⁵CADC, 199QO/430, 'Entretien avec M. Olechowski affaire Berliet', French embassy in Warsaw to Bonn, 29 April 1972.

⁸⁰⁶Polomski, *Pojazdy samochodowe*, 278.

⁸⁰⁷Rurarz, *Bylem doradcą*, 144.

⁸⁰⁸Bagieński, 'Wkład wywiadu gospodarczego', 66.

⁸⁰⁹Jarząbek, 'Hope and Reality', 19.

⁸¹⁰On Polish-French relations in the 1970s: Jarosz and Pasztor, *Polska-Francja*; Jarosz and Pasztor, 'Wizyta Edwarda Gierka', 79-130.

⁸¹¹AAN, URM 290, KT 75/5, 'Notatka MSZ i MHZ w sprawie stosunków polsko-francuskich' (On Polish-French relations), Memo by Ministry of Foreign Affairs and Ministry of Foreign Trade for government, 15 January 1972, 1.

the early 1970s criticised the minimal economic exchange with France and called for improvements in this field. As already mentioned, the economic relations with France were supposed to equalise those with the FRG.⁸¹² The decision to bring Tadeusz Olechowski, the Polish ambassador to France, back to Warsaw and promote him to minister of foreign trade in 1972, demonstrates the plans to foster economic cooperation with France.

The highest level of the Politburo and government officials embraced these political objectives in talks on Berliet. During a meeting with the French ambassador to Poland, the Polish minister of foreign affairs, Stefan Olszowski, claimed that the Polish-French deal was needed in order to deflect the offensive of German and Japanese economic imperialism.⁸¹³ Similarly, Gierek suggested to the French ambassador that he favoured the agreement with Berliet and that the deal was necessary to open a new chapter in Polish-French relations.⁸¹⁴ He later also told the French President, Georges Pompidou, that for political reasons Poland could not have German buses.⁸¹⁵ It was also in these political terms that the FRG interpreted the preference given to the Berliet offer.⁸¹⁶ After a number of years, many officials recalled that Gierek's open support to the French offer had a critical influence on the choice of bus provider.⁸¹⁷

7.3. The contract negotiations with Berliet

Despite the Politburo's preference for cooperation with Berliet, the French side was not sure if they would get a contract. From the time of the change of leadership in Poland, France had anticipated business opportunities, and expressed interest in them.⁸¹⁸ The failed attempt to sell Poland a licence for a passenger car left it highly disappointed. In 1971, not only Renault and Citroën, but also French diplomacy, put much effort into promoting Polish-French cooperation in this field.⁸¹⁹ As a

⁸¹²AAN, KC PZPR 1354, V/92, 'Kierunki działania Ministerstwa Spraw Zagranicznych na rok 1971', 15.

⁸¹³CADC, 199QO/430, 'Entretien avec M. Olszowski affaire de l'autobus', French embassy in Warsaw to Paris, 15 March 1972.

⁸¹⁴CADC, 199QO/430, 'Affaire Berliet- Entretien avec M. Gierek a foire de Poznan', French embassy in Warsaw to Paris, 12 June 1972.

⁸¹⁵Jarosz and Pasztor, *Polska-Francja*, 40.

⁸¹⁶PA AA, BA63/469, 'Polens Wirtschaftsbeziehungen zu Frankreich', FRG embassy in Warsaw to Bonn, 26 September 1972.

⁸¹⁷Bożyk, *Apokalipsa według Pawła*, 68; Rurarz, *Byłem doradcą*, 118.

⁸¹⁸CADC, 199QO/430, 'Relations économiques franco-polonaises', 2 March 1971, 3.

⁸¹⁹E.g. AAN, KC PZPR 1354, V/95, 'Sprawozdanie z pobytu i działalności Ministra Spraw Zagranicznych na Sesji Zgromadzenia Ogólnego ONZ w Nowym Jorku' (On UN session), Memo by Ministry of Foreign Affairs for Politburo, 19 October 1971, 7.

consequence, during talks on acquisition of technology for a bus, French diplomats suggested that if Italians got a car, they should get a bus.⁸²⁰

Berliet also attached significant importance to the deal. Like Fiat, it had a history of cooperation with Poland in the interwar period. In the 1920s, it provided the Polish army with tracks. However, the situation of the company had since changed significantly. Although after the Second World War it remained in the hands of the Berliet family, it faced strong competition in the French market. Its position was especially threatened by Renault, which after being nationalised increasingly marginalised other automotive manufactures in France. For this reason, from the 1950s, Berliet's corporate strategy was based on expanding towards the countries of the Global South, including Algeria, Morocco, and Cuba.⁸²¹ Moreover, already in 1965, it sold technology to China, becoming one of the first French companies to enter its market.⁸²² However, this innovative approach did not save the company from the need to sell some of its shares. Berliet and Citroën, a company owned at the time by Michelin, agreed to a mutual buyout, with Citroën having a much a larger share in Berliet than the other way around.⁸²³

This situation allowed Poland to push for favourable terms. The headstrong stance taken by Polish negotiators was also related to the spying activity proceeding alongside the official talks. Among the duties of the secret agents, undercover as employees of the Ministry of Machine Industry, was the acquisition of additional technological documentation. Reportedly, such materials were provided in the case of Berliet.⁸²⁴

Apart from Politburo members and secret service, the efforts to get a beneficial deal also involved negotiators from the Ministry of Foreign Trade and Pol-Mot. Many of them, including Długosz, Strzelecki, and Górecki, had been responsible for shaping the agreement with Fiat. Similarly, Wrzaszczyk, as minister of machine industry, supervised the talks, and himself carried out the most important ones. For instance, he personally negotiated with Paul Berliet, the CEO of the

⁸²⁰AMSZ, Dep. IV, 45/77, w.2, Telegram from Polish embassy in Paris to Warsaw, 29 December 1971.

⁸²¹Martin Rempe, 'Entangled industrialization: The EEC and industrial development in Francophone West Africa', in Alexander Nützenadel and Christian Grabas (eds.), *Industrial Policy in Europe after 1945: Wealth, Power and Economic Development in the Cold War* (Basingstoke: Palgrave Macmillan 2014), 236-55.

⁸²²Thierry Robin, 'Berliet, un constructeur automobile français face au marché chinois (années 1950-1960)', *Relations Internationales* 2:146 (2011), 43-58.

⁸²³For the history of Berliet see: Monique Chapelle. *Berliet*, (Lyon: EMEE, 2009); Monique Bollon-Mourier. *Paroles d'un entrepreneur. Paul Berliet entretiens avec un constructeur automobile* (Neuchâtel: Delibreo, 2008); Roland Racine, *Berliet. Une histoire industrielle Lyonnaise* (Saint-Cyr-sur-Loire: Alan Sutton, 2008) ; Pierre-Lucien Pouzet, *La Grande Aventure automobile Lyonnaise* (Châtillon-sur-Chalaronne: La Taillanderie, 2006).

⁸²⁴Witold Bagieński, 'Wkład wywiadu gospodarczego', 63.

Berliet company, in March 1972 in Warsaw.⁸²⁵ Contacts with French politicians were additionally facilitated by Tadeusz Olechowski, first as an ambassador in France, and later as a minister of foreign trade.

During negotiations with Berliet, which lasted for half a year, this team skilfully whetted the French appetite for entering the Polish market. Referring to other technologies Poland planned to buy in the future, the negotiators encouraged the sense of a need to compete against other Western European companies quickly. Among others, they suggested that a deal with Berliet on a bus would strengthen the company's chances in the expected auction for a truck license.⁸²⁶ Moreover, despite the PUWP leadership's evident preference for French technology, talks with different Western enterprises continued until the signing of the contract. Poland kept negotiating with British and German counterparts, maintaining pressure on Berliet by frequently remarking on other offers.⁸²⁷ Representatives of the Polish Ministry of Foreign Trade and Pol-Mot not only mentioned other technology providers in talks with the French but even suggested that the possible rapprochement with the United States, linked to the planned visit of President Nixon in Poland, might incline them towards a more technologically sophisticated partner and put an end to the broad exchanges with Western Europe.⁸²⁸

The main reason for prolonging negotiations was the high interest rate on credit for investment. Although from the beginning France had been trying to compensate for its worst financial terms by offering other advantages, such as complex technical assistance and the training of employees throughout mutual visits, Polish negotiators did not intend to accept the initial offer. The Polish Trade Bank and the Ministry of Foreign Trade invited the vice directors of the Banque National de Paris and Banque Française du Commerce Étrangère to negotiate the financing of the agreement in Warsaw. However, during the visit, French bankers claimed that the terms of the credit could be lowered only if the French treasury increased its participation in the financing of the Berliet project.⁸²⁹ As a consequence, the negotiation escalated to the highest political level. During the spring of 1972, several high-profile politicians visited the French embassy in Warsaw, trying to convince the French

⁸²⁵CADC, 199QO/430, 'Évolution du projet Berliet', French embassy in Warsaw to Paris, 1 March 1972.

⁸²⁶CADC, 199QO/430, 'Entretien avec M. Olechowski, Ministre du Commerce Extérieur', French embassy in Warsaw to Paris, 1 March 1972, 5.

⁸²⁷CADC, 199QO/430, French embassy in Warsaw to Paris, 20 May 1972, 2.

⁸²⁸CADC, 199QO/430, 'Affaire 'Autobus' et 'Centraux telephoniques', French embassy in Warsaw to Paris, 24 May 1972, 3.

⁸²⁹AAN, BH 638, 23/290, 'Notatka z rozmów z bankami francuskimi' (Memo on talks with French banks), 28 May 1972.

to lower the interest rate from 7.5 per cent to 6.35 offered by British banks.⁸³⁰ The negotiations in this respect, however, involved above all Giscard d'Estaing, the minister of finance, and Tadeusz Olechowski. The French side initially rejected the Polish pressure due to a fear of setting a precedent in economic relations with socialist states.⁸³¹ A lower interest rate of 6.66 per cent was, nevertheless, already applied in exchanges with the Soviet Union. Relying on this example and threatening the French side with switching to a different partner, the Polish negotiators finally achieved their goal. On the 5 July, d'Estaing himself lowered the interest rate to 6.7 per cent for technology and equipment, and 6.3 per cent for components, assuming a larger responsibility of the French treasury in the project. He justified this decision by pointing to political concerns regarding relations with Poland.⁸³² In reality, it might be supposed that the French decision was also influenced by the ratification of the Treaty of Warsaw by the Bundestag on 17 May 1972. As the French side assessed, the normalisation of relations with the FRG might privilege the Kloeckner-Humboldt-Deutz offer for a bus.⁸³³ Giscard d'Estaing's decision allayed Polish doubts, and a deal between Berliet and Pol-Mot was concluded on the 1 of August 1972.

As in the case of Fiat, the ten-year agreement had a cooperative character. Poland would receive around 1,000 original French PR100 buses during the first three years and was thereafter expected to launch the production of its own slightly revised model in 1975. Production capacity was assessed for 1,800 in 1976 and was envisaged to reach 5,000 in 1980. According to this plan, the contribution of original components was supposed to be gradually replaced with Polish ones. Until then, however, Berliet committed to sell Poland its components on fixed prices. Moreover, based on original technology, Poland planned to develop Berliet's city-bus technology and make it applicable also for the construction of intercity and tourist buses. To that end, technicians were exchanged throughout the years of cooperation. While five employees of Berliet were to permanently supervise the production in Jelcz, eight Polish families were transferred to the original factory near Lyon. Additionally, Berliet committed to training 450 Polish engineers.⁸³⁴

⁸³⁰AMSZ, Dep. IV, 45/77, w.2, Olechowski and Górski from Paris to Olszewski and Wrzaszczyk, 21 March 1972; CADC, 199QO/430, 'Affaire de l'autobus', French embassy in Warsaw to Paris, 17 May 1972, 2.

⁸³¹AMSZ, Dep. IV, 45/77, w.2, Telegram from Paris, 30 June 1972.

⁸³²CADC, 199QO/430, Letter from Giscard d'Estaing to Olechowski, Paris to French embassy in Warsaw 7 July 1972.

⁸³³CADC, 199QO/430, 'Projet de construction d'autobus', French embassy in Warsaw to Paris, 4 July 1974.

⁸³⁴AFB, 'Contrat de cession de licence et de coopération technique', Contract signed by Berliet and Polmot, 1 August 1972; AAN, MHZ 351, 45/12, 'Societe Automobiles M. Berliet S.A. i kontrakt podpisany przez tę firmę z phz „POL-MOT”' (on Berliet-PolMot contract), 1972; AAN, URM 290, 5.4/59, 'Informacja o stanie realizacji przygotowań do produkcji autobusów licencyjnych Berliet w resorcie przemysłu maszynowego' (on bus production), August 1973, 3.

The cooperation involved a bi-directional flow of components between France and Poland. From the Polish perspective, alongside credit terms, the possibility to sell its products to the original factory and thereby secure hard-currency income to repay debts was a critical topic of negotiations. Although at the beginning of talks the French offer assumed only 30 per cent of the costs of the cooperation to be repaid through the cooperation, Polish side persuaded Berliet to increase it to around 55 per cent.⁸³⁵ That meant that by 1980, Berliet planned to spend up to 300 million francs (around 60 million US dollars) on purchases from Pol-Mot.⁸³⁶ A report prepared by the Ministry of Foreign Trade, which commented on the deal, stressed the importance of these mutual exchanges: 'The agreement opens a path towards very serious export [...] and establishes cooperation links, which could last longer than the contract itself, entangling our automobile industry with the Western European one'.⁸³⁷

Apart from cooperation with France, the bus project entailed cooperation with other states and factories. Poland already produced vital components, which Berliet agreed to integrate into the original technology. Those, in the early years of the cooperation, included above all the British engine Leyland, and FRG's gearbox Zahnradfabrik Friedrichshafen AG. Other parts, such as FRG's Bosch electromechanical equipment, French Fernier-Penin windows or GDR's Irokko's wheels, were to be imported. The production process also involved different Polish ministries. While over 80 per cent of parts were produced in factories under the supervision of the Ministry of Machine Industry, six other ministries were also responsible for providing necessary components.⁸³⁸ In total, when the production was launched, excepting elements produced in Jelcz, the bus included 873 parts arriving from 108 different foreign and Polish providers.⁸³⁹

The Polish Trade Bank and the consortium of French banks signed a separate agreement on the financing of the transition. The eight-year credit was worth around 400 million francs (around 79 million US dollars) and was supposed to cover the costs of original buses deliveries, modernisation

⁸³⁵AAN, URM 290, 5.4/55, 'Zapis przebiegu obrad posiedzenia Prezydium Rządu' (Minutes from Presidium of Government meeting), 6 July 1973, 204.

⁸³⁶AFB, 'Contrat d'achats en compensation', 1 August 1972; AFB, 'Annexe I: Définition technique des composants et liste principale des achats en compensation' annexe to Contrat d'achats en compensation', 1 August 1972.

⁸³⁷AAN, MHZ 351, 45/12, 'Société Automobiles M. Berliet S.A.', 4.

⁸³⁸AAN, URM 290, 5.4/59, 'Informacja o stanie realizacji przygotowań do produkcji autobusów licencyjnych Berliet w resorcie przemysłu maszynowego' (on bus production), August 1973, 11.

⁸³⁹AAN, Automotive Industry Institute (Przemysłowy Instytut Motoryzacji, PIM) 2554, 286, 'Problemy jakościowe w produkcji i eksploatacji autobusów PR 110U oraz program działania' (on quality problems of PR 110U buses), September 1979, 13.

of the Jelcz factory, and components imported from France during the first years of cooperation.⁸⁴⁰ The French government participated in this agreement and also concluded an additional one with the Polish government on cooperation in the bus industry. Following the Italian example, France agreed to almost completely exclude trade concerning the Berliet-PolMot agreement from tariffs and quotas.⁸⁴¹

These agreements preceded the first PUWP first secretary's visit to France after the Second World War, which took place in October 1972. The two countries signed a ten-year agreement on economic, industrial, scientific, and technical cooperation. Also, after contributing to the bank's credit for Berliet, the French government granted Poland an investment loan worth 1.5 billion francs (around 0.3 billion US dollars). On this occasion, President Georges Pompidou reassured Gierek that the French state would not allow Berliet to go bankrupt.⁸⁴²

7.4. The false start of production

As the PUWP leadership had hoped, the deal with Berliet became a symbol of Polish-French cooperation. It was in these terms that the Polish media portrayed it. One day after the official signing of the contract in Warsaw, the event was described in the press. All the main dailies presented it as a triumph of Polish-French friendship. As put by *Życie Warszawy*: 'In Polish-French relations, we are moving from a stage of friendship to a stage of friendship and broad cooperation'.⁸⁴³ The official PUWP daily *Trybuna Ludu* embraced a similar narrative, which stressed that the Berliet cooperation was the biggest deal ever made with France and therefore evidenced the improving relations with this country.⁸⁴⁴ While emphasising that 20,000 new Berliet buses would be driving on Polish streets by 1980, none of the titles provided readers with details about the contract or the envisaged character of the cooperation.

The official narrative's focus on Polish-French relations over economic information became even further apparent during Gierek's official visit to France in October 1972. The program of the delegation also envisaged a visit to Berliet's bus factory in the suburbs of Lyon. Although according

⁸⁴⁰ AFB, 'Contrat de cession de licence et de coopération technique', Contract signed by Berliet and Polmot, 1 August 1972; AAN, MHZ 351, 45/12, 'Societe Automobiles M. Berliet S.A.', 3.

⁸⁴¹ AMSZ, Dep. IV, 45/77, w.2, Telegram from Polish embassy in Paris to Olechowski and Wrzaszczyk, 29 July 1972.

⁸⁴² Jarosz and Pasztor, *Polska-Francja*, 40.

⁸⁴³ *Życie Warszawy*, 2 August 1972, 1.

⁸⁴⁴ *Trybuna Ludu*, 2 August 1972, 1.

to participants' testimonies the demonstration bus broke down, the press portrayed the event very positively.⁸⁴⁵ The paramount role of the deal also became evident in the printed speeches of Gierek and Pompidou during a reception in Versailles, when they both mentioned it as an example of the friendship between both states.⁸⁴⁶

In subsequent years, the press followed the development of the bus project, regularly reporting on progress in the Jelcz factory. They also covered the first presentations of the bus on the streets of big cities. However, the narrative gradually moved from an emphasis on Polish-French relations to an emphasis on the cutting-edge nature and efficiency of the new production.⁸⁴⁷

Despite the enthusiasm accompanying the launch of the bus production and the partnership with France, cooperation with Berliet was beset with problems from the beginning. The first original PR100 buses, which arrived from France only in 1974, as the company faced strikes of its employees, proved to be unsuitable for Polish needs. Due to the unexpected overload related to the high number of entering passengers and the poor quality of Polish roads, the French company understood that the bus technology required adjustments. The bus needed to be longer and heavier, adjustments that resulted in delays in the investment progress.⁸⁴⁸

The initial misconception of production also resulted in an increase in expenditures in the Western markets. Already in 1973, it turned out that the costs of the Berliet cooperation would be at least 20 per cent higher than initially assumed, and the Ministry of Machine Industry demanded an extension of hard currency limits.⁸⁴⁹ Responding to those circumstances, the Presidium of the Government started exploring alternative solutions to substitute purchases from Western markets. However, an increase of exchange with Hungary turned out to be difficult due to differences in basic technology used by Berliet and Ikarus.⁸⁵⁰ Moreover, imports from other socialist states, which were, in any case, assumed to constitute around 30 per cent of the investment, were also problematic given

⁸⁴⁵ Waszczuk, *Biografia niezłustrowana*, 98; Rurarz, *Byłem doradcą*, 118; Długosz, *Służyłem dziewięciu premierom*, 88; *Życie Warszawy*, 5 October 1972, 1-2.

⁸⁴⁶ *Życie Warszawy*, 3 October 1972, 2.

⁸⁴⁷ E.g. *Życie Warszawy*, 6 December 1972, 1; *Życie Warszawy*, 30 December 1973.

⁸⁴⁸ AAN, URM 290, 5.4/71, 'Informacja o stanie realizacji uruchomienia produkcji autobusów licencyjnych Berliet' (on buses production), Ministry of Machine Industry report for government, January 1974, 3.

⁸⁴⁹ AAN, URM 290, 5.4/59, 'Zapis przebiegu obrad posiedzenia Prezydium Rządu' (Minutes from Presidium of Government meeting), 17 August 1973, 205-13.

⁸⁵⁰ AAN, URM 290, 5.4/71, 'Zapis przebiegu obrad posiedzenia Prezydium Rządu', 95.

an average waiting time for parts of two years.⁸⁵¹ In this context, the purchases from the West emerged as difficult to replace. This situation raised concerns from Polish policymakers already in 1974. Kazimierz Olszewski, a vice prime minister and former minister of foreign trade, asked during the Presidium of the Government meeting: 'Aren't we committing a mistake launching the production of Polish buses? [...] I feel there is no need to start this new production'. He was quickly reassured by Prime Minister Jaroszewicz, who explained that problems were caused primarily by the slow-down of the international economy and that the situation would soon improve. Chyliński, the deputy chairman of the Planning Commission, despite warning against 'soon going bust' unless reducing imports from the West, also stated at the end of the meeting: 'now we cannot retreat'.⁸⁵²

In this context of technological problems and decreasing hard currency stocks, policymakers called to increase Western credits and to accelerate the investment progress. During a visit to the Berliet factory near Lyon, Wrzaszczyk stated that cooperation could not be delayed and that the French company was to do everything within its power to catch up with the original schedule.⁸⁵³ The issue of time was also mentioned by Gierek during a meeting with the new French president, and former minister of finance, Giscard d'Estaing in 1975.⁸⁵⁴ The haste on the Polish side was related to problems with the Karosa bus production and tensions with the Czechoslovakian company, which led to the provisional import of 2,000 Yugoslav buses.⁸⁵⁵ It was additionally motivated by a fear of increasing EEC integration and the perspective of the implementation of the CCP. Although cooperation with Berliet was largely excluded from those concerns, due to the favourable terms of the contract, imports from different states as well as exports of locally produced elements could have been impacted due to the unification of customs tariffs and limits imposed. Given that Berliet consumed large amounts of foreign loans, the expected unification of interest rates among Western European states and banks could also render the costs of the transaction more expensive. Finally, following the oil crisis, the prices of components in automobile industry substantially increased. While, again, components coming from Berliet had a fixed cost, this was not a case for other elements imported for bus production.

⁸⁵¹AAN, URM 290, 5.4/59, 'Informacja o stanie realizacji przygotowań do produkcji autobusów licencyjnych Berliet w resorcie przemysłu maszynowego' (on buses production), Ministry of Machine Industry report for government, August 1973, 9.

⁸⁵²AAN, URM 290, 5.4/71, 'Zapis przebiegu obrad posiedzenia Prezydium Rządu', 86-106.

⁸⁵³AMSZ, Dep. IV, 24/21, w.4, 'Sprawozdanie delegacji przemysłu maszynowego pod przewodnictwem Ministra Przemysłu Maszynowego Tadeusza Wrzaszczyka z pobytu we Francji' (on Wrzaszczyk visit in France), 5 March 1974, 7.

⁸⁵⁴AAN, KC PZPR 1354, V/129, 'Notatka w sprawie oceny polsko-francuskich stosunków gospodarczych', 12.

⁸⁵⁵AAN, URM 290, 5.4/36, 'Informacja w sprawie dodatkowego importu autobusów w latach 1972-1975' (on additional import of buses), 26 May 1972.

The troubles in cooperation with Poland formed part of the crisis, which Berliet, and the French automobile sector as a whole, experienced in the early 1970s. The ongoing strikes combined with the turbulence caused by the oil crisis resulted in Berliet's takeover by Renault in 1974. Initially, however, the company kept its institutional independence.

Pol-Mot and Berliet's rocky partnership did not affect Poland's relationship with France. On the contrary, the political and economic ties between the two countries flourished. After Gierek's visit to France in 1972, Giscard d'Estaing came to Poland in 1975. The relationship between the two leaders soon acquired a personal component, and the French president started visiting Poland also in unofficial terms. Frequent lower-level contacts and consultations preceding the Helsinki conference in 1975 made Polish-French relations in this period a model for East-West détente.

Regular political contacts facilitated economic relations. During each official visit of a head of state, Poland and France concluded a new economic agreement. On these occasions, France also granted Poland new credits lines or extended the previous ones and shortened the list of products facing tariffs and quotas.⁸⁵⁶ Thanks to these arrangements, Polish exports to France increased from 239 million exchange zlotys (72 million US dollars) in 1970 to 1.1 billion exchange zlotys (0.3 billion US dollars) in 1975. During the same period, import value rose from 352 million exchange zlotys (106 million US dollars) to 2.0 billion exchange zlotys (0.6 billion US dollars).⁸⁵⁷ With such results, France became the second most important economic partner of Poland in the West, and Poland the second most important partner of France among the socialist regimes, after the Soviet Union. While Berliet was the most complex and expensive deal made between the two countries, cooperation also developed in other sectors, such as the chemical and electronic industries, as well as the mining of copper and coal. In this context, Polish reports regularly depicted France not only as the best political partner on the West, but also the country most willing to liberalise trade restrictions and the most generous credit provider.⁸⁵⁸ For these reasons, the Ministry of Foreign Affairs and the Ministry of Foreign Trade saw France as a critical ally among the EEC countries and hoped that it would advocate for the socialist regimes in talks on European integration.⁸⁵⁹

⁸⁵⁶AAN, KC PZPR 1354, V/129, 'Rozwój i struktura obrotów polsko-francuskich' (on Polish-French revenues), appendix to 'Notatka w sprawie oceny polsko-francuskich stosunków gospodarczych'.

⁸⁵⁷ Calculated based on: *Rocznik statystyczny handlu zagranicznego 1981*, 20.

⁸⁵⁸AAN, MHZ 351, 45/13, 'Notatka dla Obywatela VMinistra St. Długosza w sprawie: możliwości zaciągania kredytów w krajach zachodnich' (on credit opportunities in the West), 2 February 1972; AAN, KC PZPR 1354, V/129, 'Notatka w sprawie oceny polsko-francuskich stosunków gospodarczych', 5-6.

⁸⁵⁹AMSZ, Dep. IV, 46/77, w.10, Memo by Staniszewski, 16 February 1972, 1.

7.5. French buses in Poland

The events of 1976, which exposed the shortcomings of Poland's economic strategy, coincided with the arrival of the first Polish Berliets on the streets of Warsaw and Wrocław. However, instead of the originally planned 1,800, only 100 had been produced.⁸⁶⁰ With such results, the 1976 'economic manoeuvre', which assumed limiting imports, the immediate reduction of new investments, and a reinforced export effort, turned out to be very difficult to carry out in practice.⁸⁶¹

The PR110u city bus, which started appearing on the streets of big cities in Poland in 1976, was readjusted for Polish conditions; an elongated and heavier version of the original PR100. Moreover, as foreseen by the contract, the French technology was gradually developed by Polish engineers collaborating with the industry. Those attempts were, however, assessed negatively by the French technicians supervising the bus production in Jelcz, who in their reports to the French Ministry of Foreign Affairs complained about deteriorating product quality.⁸⁶² Moreover, despite the Polish readjustments, Berliets production in the late 1970s in Poland still consisted of around 70 per cent of the original technology.⁸⁶³ In addition, certain critical elements of bus construction, such as the Leyland engine, were independently developed, and also already in the second part of the 1970s moved away from the authentic form.⁸⁶⁴ The difficult winter of 1977, which proved the buses ill-suited to cold conditions, pushed the engineers towards additional revisions of technology. Those changes, major and minor alike, were made under circumstances of deteriorating transport conditions and a rush imposed by policymakers during the first half of the decade. According to engineers at the Jelcz factory, the policymakers prohibited them from careful study of construction adjustments.⁸⁶⁵

The complex project, which involved the integration of different sources of parts and technology, proved to be exceptionally challenging. In 1978, two years after the introduction of the first Polish Berliets, the failure rate was already reaching 50 per cent. According to the Automotive Industry Institute, the weakest elements were the engine, which from year to year was becoming

⁸⁶⁰AAN, PIM 2554, 286, 'Problemy jakościowe w produkcji', 1.

⁸⁶¹AAN, KC PZPR 1354, XIA/486, 'Możliwości i warunki'.

⁸⁶²CADC, 199QO/430, 'Les autobus Berliet en Pologne...un an après', ambassador of France to Poland to the French minister of foreign affairs, 7 August 1973, 2.

⁸⁶³AAN, PIM 2554, 286, 'Problemy jakościowe w produkcji', September 1979, 6.

⁸⁶⁴AAN, PIM 2554, 353, 'Protokół z kontroli jakości produkcji autobusów Jelcz PR 110-U przeprowadzonej w Jelczańskich Zakładach Samochodowych' (protocol from quality control in Jelcz), September 1978, 10-21.

⁸⁶⁵ Połomski, *Pojazdy samochodowe*, 280.

increasingly problematic, and the Poland-produced truss, which was not well adapted to operate with other parts and not strong enough to hold the weight of the body. Especially the latter, being one of the elements which were supposed to be exported to France, caused significant problems. Due to the low quality of its construction, it was repeatedly rejected by the French company.⁸⁶⁶ As a consequence, Poland faced financial penalties, and above all, had to repay its debt without the expected foreign currency income.

These technological difficulties were particularly hard to overcome alongside a continuous shortage of spare components. The limited cooperation between different Polish factories, which had distinct interests and agendas, slowed the inflow of supplies to Jelcz and hindered the efficiency of production.⁸⁶⁷ Even more severe problems, however, were caused by parts arriving from the West, which still dominated in the majority of buses.⁸⁶⁸ Their constant lack soon became a universal phenomenon, occurring in many factories whose production was based on Western technology. Among those, the bus became an exemplary case of how cooperation with a Western partner demands a continuous improvement in quality and the constant inflow of new technology and parts.⁸⁶⁹ Indeed, purchases of the original component from Berliet continued to increase, and the bus soon became one of the main reasons for the high import rates from France.⁸⁷⁰

While in this case increasing imports, which resulted primarily from technical inefficiencies, were largely protected by the special Polish-French agreements, components arriving from different countries were additionally affected by fluctuating prices. The substantial increase of costs of elements indispensable to continue the production of the FRG's gearboxes pushed the Presidium of the Government to consider the launch of local production in Poland.⁸⁷¹ Initiating the new investment however, went against the rigorous economic measures recommended to overcome the crisis. As put

⁸⁶⁶AAN, PIM 2554, 353, 'Protokół z kontroli jakości produkcji', 6-10.

⁸⁶⁷AAN, URM 290, 5.4/170, 'Zapis przebiegu obrad posiedzenia Prezydium Rządu' (minutes from Presidium of Government meeting), 13 May 1978, 17-77.

⁸⁶⁸AAN, PIM 2554, 286, 'Problemy jakościowe w produkcji', September 1979, 1.

⁸⁶⁹AAN, URM 290, 5.4/112, 'Informacja o stanie wdrożenia do produkcji licencji zakupionych w latach 1971-1974 oraz o osiągniętych efektach czynnych licencji w tym okresie. Część II. Analiza działalności licencyjnej przedstawiona przez resorty' (on licences bought in 1971-1974, II part), Report by Ministry of Science, Higher Education and Technology in cooperation with Planning Commission and Ministry of Foreign Trade for government, December 1975, 4.

⁸⁷⁰AMSZ, Dep. IV, 2/84, w.1, 'Notatka o współpracy gospodarczej i naukowo-technicznej między Polską a Francją' (memo on Polish-French economic, scientific and technological cooperation), 8 September 1978.

⁸⁷¹AAN URM 290, 5.4/135, 'Załącznik nr 2 do uchwały nr 26/77 Rady Ministrów, Karty tematyczne przedsięwzięć usprawniających powiązania kooperacyjnej w celu racjonalizacji importu' (appendix 2 to government decision on reducing imports), 18 February 1977, 7-8.

by the undersecretary of state in the Ministry of Machine Industry supervising Berliet and Fiat production, Szotek: ‘the whole tragedy emerges from the fact that we have to spend everything on continuing production, and we have nothing left for new investments’. Despite those problems, Jerzy Olszewski, the minister of foreign trade from 1974 to 1980, claimed that: ‘It is indispensable to carry on the momentum and find more funds’. In those circumstances, despite the alarm sounded by Prime Minister Jaroszewicz, who stressed that in the current domestic situation hard currency stocks needed to be kept for the possibility of new upheavals and food shortages, the expense limit for the Ministry Machine was pushed even higher than in previous years, and new Berliet-related investments were initiated.⁸⁷²

In order to maintain production, Poland needed to acquire more hard currency, which could have been done through improving export performance. As a consequence, also the bus, which initially was considered as an item designated predominantly for domestic needs, became a potential export product. Nevertheless, as was quickly revealed, the PR110u was not well-adapted for sale due to the need to secure access to spare parts, which constituted a weakness of the Polish industry even with regard to domestic distribution. Moreover, the expansion to CMEA states proved difficult due to the Czechoslovakian Karosa and Hungarian Ikarus, strong socialist competitors who secured their export deals before the first Berliet-Jelcz buses were produced.⁸⁷³ On the other hand, the technical adjustment of the original bus for Polish needs made potential export to the West more difficult. Although Poland wanted to use Berliet’s trading network to sell the PR110, their larger size and weight rendered them particularly ill-suited for narrow streets, common in Western cities.⁸⁷⁴ Moreover, as Długosz recalls, the bus did not fit the technology criteria set for buses distributed in EEC countries.⁸⁷⁵ However, the buses could be still imported to the Global South, where Berliet had not yet expanded. As stated by the Prime Minister: ‘We can still try to sell it to someone who has roads worse than ours’.⁸⁷⁶ Despite those hopes and the complex marketing campaign carried out by the Pol-Mot enterprise, the Polish-French bus, in its complete form, was exported in very modest numbers and only to the Soviet Union.⁸⁷⁷

Despite these obstacles, Poland continued to produce buses. As in the case of Fiat, the influence acquired by those responsible for the motorisation secured funds for the project. However, in the case

⁸⁷²AAN, URM 290, 5.4/135, ‘Zapis przebiegu obrad posiedzenia Prezydium Rządu’ (Minutes from Presidium of Government meeting), 18 February 1977, 17-48.

⁸⁷³AAN, URM 290, 5.4/59, ‘Zapis przebiegu obrad posiedzenia Prezydium Rządu’, 212.

⁸⁷⁴AMSZ, Dep. IV, 2/84, w.1, ‘Notatka o współpracy gospodarczej i naukowo-technicznej’, 16.

⁸⁷⁵Długosz, *Służyłem dziewięciu premierom*, 88.

⁸⁷⁶AAN, URM 290, 5.4/71, ‘Zapis przebiegu obrad posiedzenia Prezydium Rządu’, 106.

⁸⁷⁷Połomski, *Pojazdy samochodowe*, 35-6.

of Berliet, the dilemma faced by the leadership in the late 1970s was not whether to expand the cooperation but whether to remain committed to the original agreement. The costs of the implementation of the licence could be recovered only through successful production and exports to France. Moreover, breaking the contract could jeopardise Poland's relationship with France, which at this point had become critical for the country's financial stability.

The inefficiency of bus production exposed the flaws of Poland's economic strategy. Nevertheless, new credits, necessary to import the still-increasing number of indispensable parts, were still flowing to Poland from France.⁸⁷⁸ Given that loans for imports did not foster cooperation, as investment credits did, and therefore implied more risk, they were usually granted on less beneficial terms. In the case of Berliet, however, Polish representatives regularly managed to negotiate the extraction of parts of immense investment credits lines into credits covering the purchases of parts. Such a method was applied for instance to the highly beneficial 7 billion francs (around 1.6 billion US dollars) investment loan granted in 1975 on the occasion of Giscard d'Estaing's visit to Poland. Already next year Poland used 20 million francs (around 5 million US dollars) for Berliet expenditures, keeping at the same time the favourable terms of the agreement. This practice was repeated almost every year, especially as the policy of new investment had slowed substantially due to domestic developments and the investment credit lines remained undrawn.⁸⁷⁹

This policy of France had a strong political motivation. Despite warnings to the government from the French Treasury and French embassy in Warsaw from the mid-1970s, France granted and guaranteed new loans for Poland. French reports from this period openly admitted that this strategy aimed to detach Poland from the Soviet Union.⁸⁸⁰ From this perspective, paradoxically, Poland's increasing economic reliance on Western Europe was not alarming. As Poland's second-biggest creditor in Western Europe and a country that had amicable political relations with it, France had some leverage over the situation in Poland. French pressure became one of the factors that kept Poland committed to liberal domestic policy. As put by Rakowski: 'a few words from Giscard d'Estaing [...]

⁸⁷⁸ AMSZ, Dep. IV, 32/82, w. 1, 'Wybrane problemy stosunków Francji z EWG w 1975 r. Oraz ich znaczenie dla polsko-francuskich stosunków gospodarczych' (on French-EEC relations and their consequences for Polish-French economic relations), Report by Bureau of Trade Counsellor in Paris, 19 January 1976, 5-6.

⁸⁷⁹ AMSZ, Dep. IV, 2/84, w.1, 'Notatka o współpracy gospodarczej', 8; Jarosz and Pasztor, *Polska-Francja*, 171.

⁸⁸⁰ Mourlon-Druol, 'The role of a creditor', 73-4; on French policy of détente see: Rey, *La tentation du rapprochement*; Bouillon, *Le prix de la détente?*; Bouillon, 'L'Italie et la France'; Veronika Heyde, 'Ambiguous Détente. The French Perception of Stability at the end of the Seventies', in Claudia Hiepel (ed.), *Europe in a globalizing world: global challenges and European responses in the "long" 1970s* (Baden-Baden: Nomos, 2014), 69-88.

would be enough to let everyone out of prison'⁸⁸¹.

Apart from political objectives, French financial support for French-Polish cooperation was driven by its concern about the slowdown of economic exchange between the states in the second half of the 1970s. Export and import rates, which progressively grew in the first years of the decade, substantially decreased in 1977 and 1978.⁸⁸² This phenomenon was caused both by the reduced investment policy and by the inefficiency of Polish exports. As a consequence, the French president and minister of foreign affairs both pushed Poland towards 'rebalancing the diplomatic relations with the same activity with regard to the economy'. An emphasis was also placed on the need for France to maintain a position in the Polish market similar to the one occupied by the FRG, which, despite Polish concerns, throughout the whole decade dominated economic exchanges.⁸⁸³

The Polish leadership, which in the 1970s kept data concerning its economy under lock and key, regularly assured French representatives about the upcoming improvement of the situation. For instance, in 1978, Gierek told Giscard d'Estaing that: 'the change in general economic strategy, above all in the domain of investments, does not mean permanent stagnation and the abandonment of the general modernisation goal. We still intend to broadly invest and modernise'.⁸⁸⁴ Therefore, France, despite evident signs of the deteriorating economic situation, did not expect the complete collapse of Poland's economy. On the contrary, at the end of the decade, it still foresaw an improvement of its economic position in Poland and was eager to expand economic cooperation.⁸⁸⁵ Driven by political and economic goals, France was the first country to conclude a debt-rescheduling agreement with Poland. It did so on the occasion of a meeting between Giscard d'Estaing and Brezhnev in Warsaw, which followed the Soviet invasion of Afghanistan and therefore epitomised France's commitment to détente.⁸⁸⁶

⁸⁸¹ Rakowski, *Dzienniki 1976-1978*, 220.

⁸⁸² AAN, KC PZPR 1354, XIA/518, 'Notatka o współpracy gospodarczej i naukowo-technicznej', 1-2.

⁸⁸³ AMSZ, Dep. IV, 2/84, w.1, Telegram from Paris, 3805, 20 October 1978.

⁸⁸⁴ AMSZ, Dep. IV, 2/84, w.1, 'Tezy do rozmów I Sekretarza KC PZPR, Towarzysza E. Gierka z Prezydentem Republiki Francuskiej p. V. Giscard d'Estaing na temat polsko-francuskich stosunków gospodarczych' (guidelines for Gierek talks with Giscard d'Estaing), 1978, 3.

⁸⁸⁵ E.g. CADC, 1929/4594, 'Relations économiques franco-polonaises', 28 February 1980.

⁸⁸⁶ Bień, *Jak doszło do zadłużenia Polski*, 38; Karcz, *Zadłużenie zagraniczne Polski*, 20-5.

7.6. The decline in cooperation

The events of summer 1980 and the changes in PUWP leadership were a turning point in relations between Poland and France. Giscard d'Estaing's letter to Gierek, sent during the Solidarność strikes, in which he expressed hope that the PUWP first secretary would soon overcome domestic problems, indicates the importance of the personal relationship between the two leaders.⁸⁸⁷ From late 1980, France did not discuss the debt problem during bilateral meetings with Poland, but rather in the multilateral framework of Paris Club. This situation substantially lowered Poland's chances of obtaining beneficial treatment based on the special relationship between the two countries. The lack of access to Western credits and heavy cut downs of imports, which followed the imposition of the martial law 1981, further aggravated the situation.

Thanks to loans from France secured by Gierek's leadership, and despite the rise of the 'Solidarity' trade union at the Jelcz factory, Berliet buses continued to be produced.⁸⁸⁸ The industry nevertheless suffered from a lack of spare parts, and annual production continuously decreased after 1980.⁸⁸⁹ The last new PR110 arrived in big cities in 1980, which indicates that the quality of the product, too, was decreasing. Moreover, due to faultiness and limited abilities of reparation, the older Berliets were already pulled back from key transportation hubs. Berliet's situation even further complicated access to spare parts. After its acquisition by Renault in 1974, in 1978 the new owner merged it with another automobile company, creating Renault Truck. The establishment of this new entity foreshadowed the technological revision of the Berliet PR100, soon after renamed for Renault PR100. Moreover, in 1981, the number of buses produced never came close to the originally assumed 5,000 annually, constituting less than 10,000 in all six years. These factors combined with an economic inability either to purchase parts in the West or to receive additional loans, and the new leadership decided to terminate production as soon as the contract expired in 1982. During the same year, Poland made a deal with a Hungarian company that only ten years before had been dismissed from the auction for the bus contract. Imported and locally produced Ikarus vehicles soon became the most sighted buses on Polish roads.

While official cooperation with Berliet was terminated and the company ceased to exist, its technology remained in Poland and was, from 1982 onwards, allowed to be applied freely. Polish constructors incorporated its parts in their subsequent inventions. Especially the body of PR100 was

⁸⁸⁷ AMSZ, Dep. IV, 43/84, w.2, Giscard d'Estaing to Gierek, 27 August 1980.

⁸⁸⁸ Jan Dalgiewicz and Wojciech Połomski (eds.), *Historia JZS 'Jelcz': zapis wspomnień* (Żyrardów: Arsgraf, 2007), 19-24.

⁸⁸⁹ Połomski, *Pojazdy samochodowe*, 34.

widely used, resulting, for instance, in the production of the Jelcz 11 series, which although based on Hungarian undercarriage, and again parts arriving from various sources, from the outside looked exactly like the Berliet. Those buses remained on Polish streets until the 1990s.

At the same time, in the 1980s, Berliet became a symbol of the inefficiency of economic policy from the previous decade.⁸⁹⁰ The new leadership used the transaction as part of their campaign, which aimed to discredit Gierek and other influential figures from the 1970s. Later in their memoirs, many of them openly admitted that the Berliet deal was a failure.⁸⁹¹ As such, alongside Fiat, it remained a symbol of the 1970s in Poland.

⁸⁹⁰ Bożyk, *Apokalipsa według Pawła*, 68.

⁸⁹¹ Gierek and Rolicki, *Replika (wywiad rzeka)*, 93-6.

8. Electronics

8.1. The electromechanical industry in Poland

The turmoil of the Second World War left the Polish electromechanical industry in tatters. Companies which had provided Polish factories with equipment and technology, such as the Italian Marconi, terminated existing ties. The principles of the COCOM established in 1949 were particularly strict for electromechanical industry, which could be applied in the military industry. Already in late 1946, however, Poland acquired a license for radio production from the Swedish company AGA. This transaction stood out, given that in the Stalinist period, between 1947 and 1953, the country made only five deals on technology transfers from the West.⁸⁹² Relying on AGA radios, domestic constructions, and imports from the socialist states, in this case, most notably from the USSR and Czechoslovakia, the Polish electromechanical industry functioned largely in isolation from the global technological developments. Moreover, the focus on industrialisation at the expense of consumption and the reluctance to cooperate with capitalist companies that characterised the Polish economy also in the late 1950s and 1960s resulted in repeated shortages and low-quality domestically distributed audio equipment.⁸⁹³

At the same time, the Western electromechanical industry acquired a new dynamism, gradually moving towards the era of electronics. In the 1950s, the technological jump of the United States and Japan put pressure on Western European companies. The fast development of standardised solutions fuelled competition for new markets, as in the case of the new cassette technology for tape recorders. The RCA tape cartridge, developed by the Dutch firm, Philips, in the early 1960s, faced a challenge from other companies providing different solutions, including the German firm, Grundig, which was responsible for the DC-International cassette system. Aiming to eradicate the competition, Philips adopted a strategy of wide and free diffusion of its technology.⁸⁹⁴ While spreading it around factories in capitalist countries, the Dutch company rejected any form of cooperation with the socialist

⁸⁹²AAN, PISM 1738, 404, Monkiewicz, *Operacje licencyjne*, 42.

⁸⁹³Joanna Walewska, 'Co z jakością? O tym, jak Kronika Filmowa wraz z "Trybuną Ludu" walczyły o dobre i tanie radio dla każdego', *Przegląd Kulturoznawczy* 1:31 (2017): 64-84.

⁸⁹⁴Mark Clark, 'Product Diversification', in Eric Daniel, Denis Mee and Mark Clark (eds.), *Magnetic Recording: The First 100 Years* (New York: IEEE Press, 1999), 103-4; John Nathan, *Sony: A Private Life* (New York: HarperCollins, 1999), 129.

regimes.⁸⁹⁵

It was precisely in this context, that, in July 1965, Max Grundig, the founder and head of the eponymous company, approached the head of the International Fair in Poznań inquiring about the possibility of the production of cassette decks in Poland.⁸⁹⁶ The desire to compete against Philips in the diffusion of the cassette system was, however, not the only reason that Max Grundig turned eastwards. The meeting at the International Fair would have probably never taken place if not for Berthold Beitz, a personal friend of Grundig, who encouraged him in this endeavor and facilitated his acquaintance with the Polish officials. From the 1950s, Beitz had played a special role in Polish-RFG relations. As a historical hero who saved Jewish workers while sent to occupied Western Ukraine by his employer Shell in 1941, he held a special affection towards Eastern Europe, at the same time benefiting there from the exceptional treatment. After the war he became the head of the Krupp company, and eventually one of the most influential business figures in the FRG, where he pursued his personal agenda of building ties with the socialist states. Frequenting annually International Fair in Poznań, and as head of Krupp selling Poland machinery for the textile factories, Beitz established a relationship with the Polish Prime Minister Cyrankiewicz, who already in 1960 officially received him in Warsaw. Reporting the course of the meeting to Konrad Adenauer, the chancellor of the FRG, Beitz stressed Poland's willingness to improve political relations and encouraged the chancellor to take the initiative. Although the CDU government, led by Adenauer since 1949, never gave up on the Hallstein doctrine in the FRG foreign policy, preventing the country from cooperating with any state officially recognising the GDR, and characterised by a general antagonism towards the socialist regimes, Beitz's manoeuvrings brought tangible results. His personal initiative was the key factor in the exchange of trade representatives between Poland and the FRG in 1963.⁸⁹⁷

Given the urgency in diffusing the Grundig-developed cassette system and thanks to the successful intermediation of Beitz, already in August 1965 a delegation from Universal, a foreign trade venture responsible for electromechanical equipment, went to the Grundig headquarters in Nuremberg to discuss the details of the cooperation. The FRG company offered Poland a license for the C-100 cassette deck operating on the DC international cassette system. The draft contract assumed

⁸⁹⁵ AIPN BU 01419/181, 'Notatka służbowa', Memo by capt. St. Jankowski, September 1972.

⁸⁹⁶ AIPN BU 0236/158, t.1, 'Notatka', Memo by Lt. J. Okraj, 15 July 1965.

⁸⁹⁷ On Beitz and Poland see: Harold James, *Krupp: A History of the Legendary German Firm* (Princeton: Princeton University Press, 2012), 226-87; Krzysztof Ruchniewicz, 'Die Missionen von Berthold Beitz in Polen Ende der 50er-/Anfang der 60-er-Jahre. Der Versuch einer neuen Politik der bundesdeutschen Führung oder nur ein Manöver', in Edward Bialek, Manfred Durzak, and Marek Zybura (eds.), *Literatur im Zeugenstand. Beiträge zur deutschsprachigen Literatur - und Kulturgeschichte. Festschrift zum 65. Geburtstag von Hubert Orłowski* (Frankfurt am Main: Peter Lang, 2002), 139-54; Joachim Käppner, *Berthold Beitz: Die Biographie* (Berlin: Berlin Verlag, 2010); Rudolph, *Wirtschaftsdiplomatie im Kalten Krieg*, 231-72.

a three-year cooperation financed by a 5 per cent interest rate credit provided by Grundig, which was supposed to be repaid with the complete cassette decks, 20,000 in 1966 and 100,000 in 1967 and 1968. Grundig committed to initially providing Poland with the necessary components, including those from a different FRG electronics companies. It was envisaged that production in Poland and import from other socialist states would soon allow the replacement of expensive original parts. While Poland received the rights to export additional domestically produced cassette decks only to the members of the CMEA, Grundig committed itself to not cooperate with other socialist regimes.⁸⁹⁸ In this sense, the FRG company assumed that through the deal with Poland the DC international cassette system would be diffused in the whole Eastern Europe.

The next step towards concluding the deal was taken with Max Grundig and Beitz's visit to 'Kasprzak', the radio factory envisaged to carry out production in Warsaw, in September 1965. However, despite the festive, banquet-filled atmosphere, the visit did not yield positive developments for the cooperation.⁸⁹⁹ According to the new proposal, the Polish factory was supposed to 'initially produce less complicated details and, gradually, with time and capacity, all the components' while Grundig reserved the rights for the final assembly of the cassette decks. Polish negotiators were surprised and initially negatively assessed the new offer, which deprived them of the immediate ability to produce additional cassette decks for export and domestic distribution. According to audio equipment and foreign trade experts, however, this type of cooperation was also financially rewarding, provided Poland with access to new technology, and opened opportunities of cooperation with other FRG companies.⁹⁰⁰ Following these recommendations, the deal, worth 250,000 deutsche marks (around 63,000 US dollars) envisaged to be repaid in components produced locally, including a 5 per cent interest on Grundig credit, was made in January 1966.⁹⁰¹ As reported by the Polish security services, during the negotiations, the Nuremberg Chamber of Commerce issued an article which stated: 'if the experiment of Grundig, arranged with support from Krupp, succeeds, it will be

⁸⁹⁸AIPN BU 0236/158, t.1, 'Notatka w sprawie rozmów z f-mą Grundig na temat współpracy kooperacyjnej przy produkcji i dostawach do NRF magnetofonów C-100' (on cooperation with Grundig), Memo by Security Service, 3 August 1965.

⁸⁹⁹AIPN BU 0999/20, t.4, 'Raport z przebiegu mojego udziału w rokowaniach z przedstawicielami firmy Krupp - Grundig ze stroną Polską w dn. 14 i 15 bm. W Warszawie' (on talks with representatives of Krupp and Grundig), Report by capt. J. Szewczyk, 16 September 1965.

⁹⁰⁰AIPN BU 0236/158, t.1, 'Informacja dot. Rozmów z przedstawicielami firmy NRF "Grundig"' (on talks with Grundig), Memo by Lt. S. Okraj, 17 September 1965.

⁹⁰¹AIPN BU 0236/158, t.1, 'Porozumienie', Contract between Grundig and Universal, 27 January 1966.

the biggest economic and diplomatic success achieved after the Second World War'.⁹⁰²

Despite these high hopes, already in July 1966, before the 'Kasprzak' factory had launched the new line, Grundig informed the Polish side that the company had given up on the production of the C-100 cassette decks due to limited demand, and therefore needed to terminate the deal.⁹⁰³ It assumed the repayment of all the expenses on the Polish side and offered to provide a license for a different Grundig product, either the C-90 version of the cassette deck or the technology for two more traditional reel-to-reel tape-recorders from its TK series. The Polish side immediately dismissed the first offer, correctly pointing out that it was based on the same type of the DC international cassette system as the C-100, which very likely was going to be pushed out of the market by the Philips system.⁹⁰⁴ The competition over the standardisation between the two Western European companies caused concern, as Poland planned anyway to develop and independently produce a cassette deck based on the C-100. For this reason, the Polish government issued a statement to the International Electrotechnical Commission supporting the Grundig solution against the Philips one.⁹⁰⁵ Neither Poland's call nor the efforts of Grundig itself saved the DC international cassette system, which by the end of 1967 disappeared from international markets.

On the other hand, the willingness to cooperate expressed by both sides had the potential to materialise in case of the reel-to-reel tape-recorders labelled as the TK series. The Polish side concluded that although TKs did not represent the newest technology, they could be easily produced and further developed.⁹⁰⁶ Despite the initial expectations, negotiations reached a deadlock already in July 1966. They reopened in early 1967, after the intervention of the highest Polish officials when both sides met in Nuremberg to discuss the details.⁹⁰⁷ Although Grundig agreed to provide Poland with the entire TK series instead of the two initially discussed models, the Polish delegation perceived the company's representatives as less interested in cooperation than they had previously been. As the report prepared by the security service stated afterwards, 'the talks had a tense character' as 'the

⁹⁰²AIPN BU 0999/20, t.4, 'Przerzucanie pomostu Grundiga do Polski', Article from Nuremberg newspaper, September 1965.

⁹⁰³AIPN BU 0236/158, t.1, 'Dot.Kooperacji Grundig-Universal w szczególn. Porozumienia z 27.1.1966' (on Grundig-Universal cooperation), Letter from Richter and Drexler from Grundig to Kleszcz from Universal, 18 July 1966.

⁹⁰⁴AIPN BU 0236/158, t.1, 'Sprawozdanie z delegacji służbowej do F-my Grundig NRF w czasie od 12.07.1966-20.07.1966' (on talks with Grundig), Memo by Security Service, July 1966.

⁹⁰⁵AIPN BU 0236/158, t.1, 'Dot. Kooperacji Grundig-Universal', 3.

⁹⁰⁶AIPN BU 0999/20, t.4, 'Opinia techniczna o rodzinie magnetofonów TK-120-145' (technical assesment of TK tape-recorders), July 1966.

⁹⁰⁷AIPN BU 0999/20, t.3, 'Notatka służbowa', Memo by capt. T. Dymarski, 23 December 1966.

consequences of the recession were noticeable and Grundig started to measure everything by its profit and immediate value'.⁹⁰⁸ Indeed, from 1966 especially, the slow-down in the FRG became a tangible phenomenon after the economic rise of the 1950s. Those developments played a major role in voting out of the office Adenauer's successor Ludwig Erhard, giving space to the Grand Coalition, which allowed the SPD to enter the government for the first time since the end of the Second World War. Their leader, Brandt, from the early 1960s had openly challenged the foreign policy line of the CDU and advocated the acknowledgement of the geopolitical situation in Europe and the strategy of influencing socialist regimes through closer cooperation.⁹⁰⁹ While economic problems complicated the Polish-Grundig deal, political rapprochement at the official level became a possible scenario.

Despite the challenges, in March 1967, the two sides reached an agreement concerning the production of the TK series. Grundig compensated Poland for the failure of the C-100 cooperation with technological equipment for production, an initial round of components, as well as training for 'Kasprzak' employees. Nevertheless, Poland needed to pay 540,000 exchange zlotys (162,000 US dollars) for the license itself. Given the economic difficulties in the FRG, Grundig was less inclined to enter into a cooperation agreement, demanding the repayment of the debt in cash by 1969 instead.⁹¹⁰

Already before making a new deal on TK tape-recorders Polish side, worried about the prolonging negotiations, started exploring different possibilities for improving the audio industry. In 1966 such an offer arrived from AEG Telefunken. The link between Poland and this FRG company was initially established by Grundig, which relied on Telefunken's technology in producing components for the C-100. The company's proposal assumed the transfer of technology for the production of record players with an automatic record changer, which was supposed to be repaid in the complete products. The experts immediately assessed the offer as highly beneficial and worried about the motivation of Telefunken. In order to understand the company's logic, the representative of the secret services, under the cryptonym 'Professor', conducted a special research mission in the FRG, engaging in talks with representatives of the industry. According to his assessment, Telefunken planned to completely give up the production of record players and move to more sophisticated

⁹⁰⁸AIPN BU 0236/158, t.1, 'Notatka informacyjna dot. Współpracy z firmą "Grundig" NRF w uzupełnieniu notatki informacyjnej z dnia 17 lutego 1967 r.' (on cooperation with Grundig), Memo by capt. T. Dymarski, 15 April 1967.

⁹⁰⁹On Ostpolitik see e.g.: Niedhart, 'Ostpolitik: Transformation through Communication'; Hofmann, *The emergence of détente*; Niedhart, 'The East-West Problem'; Sarotte, *Dealing with the Devil*.

⁹¹⁰AIPN BU 0236/158, t.1, 'Notatka dla DG-ZPEiT w sprawie opłat i sposobu rozliczeń za licencję f-my Grundig' (on acquisition of Grundig licence), Memo by J. Skrzypczak, 3 November 1967.

electronic devices. Given the still-existing demand, however, it needed to produce them elsewhere, and to this end opened talks with Poland. 'Professor' also claimed that the company was determined to make a deal and that favourable prices conditions could be easily achieved.⁹¹¹ His prediction materialised with the deal between 'Universal' and Telefunken concluded in 1967.⁹¹² The cooperation led to the subsequent agreement concerning the 'Master-Hit' record players in 1970.⁹¹³

While in the late 1960s, according to the assessment of the Polish Trade Representation in Cologne, the rise in economic exchange with the FRG was 'limited by a lack of normalisation in political relations', from this perspective cooperation with France appeared as much more suitable.⁹¹⁴ Especially its distance from NATO foreshadowed a less strict policy concerning technology transfers. Indeed, the 'Cuivre-Electronique' contract, concluded as a part of the first postwar Polish-French Trade Agreement signed in December 1969, envisaged a large-scale sale of electronics to Poland. In exchange for the supply of copper from 1975, the French government committed to financing and facilitating the sale of over twenty licenses for electronic devices worth 750 million francs (around 144 million US dollars), including those restricted by the COCOM embargo as transistors and integrated circuits.

From this perspective, the cooperation with French companies carried more substantial potential. The first step towards unfolding this relation concerned cooperation with Thomson-Brand in the production of cassette decks. The company formed part of the Thomson group, one of the electronic leaders on the European market. Its vice president, André Danzin, actively advocated for cooperating with Poland from the 1960s frequenting Polish-French round table meetings and assisting during the signing of the 'Cuivre-Electronique' agreement.⁹¹⁵ After the visit of Universal's representatives in the Moulin factory and Thomson's delegation in 'Kasprzak', Poland and France signed a contract on the sale of the license for the cassette deck MK-125. In exchange, Poland was supposed to provide the French side with the ZK-240 reel-to-reel tape recorders, the locally enhanced version of the technology received from Grundig in 1967. The cost of the transaction, amounting to

⁹¹¹AIPN 0236/158, t.1, 'Notatka dot. Przebiegu negocjacji polskiego przemysłu elektronicznego z zachodnioniemieckimi firmami 'Grudik' i "Telefunken" w sprawie zakupu licencji i kooperacji w produkcji magnetofonów i gramofonów automatycznym zmieniaczem płyt' (on negotiation with Grundig and Telefunken), Memo by mjr. A. Dyszy, 17 February 1967.

⁹¹²AIPN BU, 01419/181, Memo by the Supreme Chamber of Control, March 1968.

⁹¹³AIPN BU, 0999/20, t.10, 'Notatka informacyjna' (memo), 12 January 1972.

⁹¹⁴AMSZ, Dep. IV, 27/76, w.4, 'Sprawozdanie ekonomiczne za rok 1969' (economic report on 1969), Report by Polish Trade Representation in Cologne, February 1970, 2.

⁹¹⁵AAN, BH 638, 7/96, Photo album from the signing of 'Cuivre-Électronique' agreement, 39-42.

1 million francs (around 0.2 million US dollars) and initially financed by French 'Cuivre-Electronique' credit, was envisaged to be entirely paid back with the ZK-240.⁹¹⁶ After the failure of C-100 Grundig decks, this new technology, in 1970 already widely based on the Philips cassette system, was for the first time to be produced in Poland.

While the activity of the French government facilitated the rise of technological and economic exchange, in the case of the FRG, business played an important factor in building political ties. Beitz supported the SDP and Brandt in their runs in the Bundestag elections of 1969. Their victory foreshadowed a breakthrough in Polish-FRG relations. Soon after becoming chancellor, Brandt sent Beitz to Warsaw with the invitation to open talks on the establishment of political relations.⁹¹⁷ After over year-long negotiations, Beitz participated in the official signing of the Treaty of Warsaw, which took place on the 7 December 1970. On this occasion, he engaged in talks with Polish officials, admitting that the initially promising cooperation with Grundig had slowed in recent years and assuring them that Max Grundig was ready and willing to expand cooperation.⁹¹⁸ According to the FRG Foreign Office, Beitz also inquired about the possibility of setting up a Grundig factory in Poland, which was reportedly welcomed by the Polish officials and Max Grundig himself.⁹¹⁹ The renewal of political relations with the FRG augured new opportunities.

8.2. A new strategy for electronics

As emerges from the above, Gomułka's leadership did not oppose investments in electromechanical industry. On the contrary, this sector even found a privileged position in the strategy of 'selective development' that was introduced in the late 1960s. This approach reflected the general geopolitical and economic strategy executed in that period. Concerning electromechanics, a sector in which the socialist regimes could not withstand the challenges posed by their capitalist competitors, purchases in the West were necessary for the security of the socialist regimes and for Poland specifically. Among CMEA members, Poland was responsible for providing radio equipment

⁹¹⁶AIPN BU 0999/20, t.7, 'Notatka informacyjna dot. Podpisania umowy o zakupie licencji na magnetofon kasetowy od firmy Thomson-Brand' (on acquisition of Thomson licence), Memo by P. Datkiewicz, 7 November 1970.

⁹¹⁷Käppner, *Berthold Beitz*, 378.

⁹¹⁸AMSZ, Dep. IV, 27/76, w.4, 'Notatka z rozmowy Ministra J. Hryniewiczza z przemysłowcem NRF Panem B. Beitz'em' (on Hryniewicz-Beitz talks), Memo by Hryniewicz, 11 December 1970.

⁹¹⁹PA AA, BA63/470, 'Probleme der deutsch-polnischen Kooperation', Memo by Federal Foreign Office, 12 January 1971, 5.

for consumption as well as for the military.⁹²⁰ The 'Kasprzak' factory had a special sector dedicated to this secret production, 'S', had to be hidden during the visits of delegations and engineers from Grundig and Thomson.⁹²¹ As reports prepared by security services revealed, the technology for Grundig C-100, despite not being implemented, was taken advantage of in the production of military equipment.⁹²² At the same time, having a developed electronic industry improved the country's strategic position vis-à-vis other socialist regimes and the Soviet Union, which Gomułka sought throughout his years as first secretary. For these reasons, in the 1960s, Poland invested not only in household electronics but also in the development of its own computer, 'Odra'.

Moreover, as in the case of Fiat 125p, Gomułka's leadership thought about acquisition of audio equipment in terms of exports towards the West. Such a focus emerged from significant EEC restrictions on the traditional Polish exports of agricultural products. Additionally, considering resources as a key element of Poland's security, Gomułka's leadership opposed the strategy of massive exports of resources towards the West.⁹²³ However, as the deals with Grundig and Telefunken demonstrate, the leadership in the 1960s consciously acquired outdated technology, hoping this would allow it to enter a lower segment of Western European markets.

After the change of leadership in Poland, these objectives were broadened and revised. Investments in household electronics particularly well corresponded to goals of the licence policy established in the early 1970s, especially technological modernisation and an improvement in domestic consumption. The former policy was critiqued for having overlooked these features. The survey conducted by the Supreme Chamber of Control in 1971, which involved one-fourth of technology purchases from Gomułka's period, also looked at the deal with AEG Telefunken. According to the document, and against expert and security services assessments from three years before, the FRG company sold Poland outdated and incomplete technology, which for those reasons was no longer produced in the original factory. Moreover, despite the safe, cashless character of the transition, it proved itself unprofitable due to unforeseen spending on components and additional

⁹²⁰AIPN BU 0999/20 t.2, 'Notatka informacyjna dot. Wydzielonego Biura Rozwoju Zakładów Radiowych im. M. Kasprzaka T-3' (Memo on Kasprzak) 6 March 1964.

⁹²¹ AIPN BU 0236/158 t.1, 'Notatka dot. Podjęcia produkcji magnetofonów C-100 w oparciu o licencję f-my NRF "Grundig"' (on Grundig C-100 production), Memo by Lt. J. Okraj, 6 August 1965, 2-3.

⁹²²AIPN 0236/158, t.1, 'Notatka dot. Przebiegu negocjacji polskiego przemysłu elektronicznego z zachodnioniemieckimi firmami 'Grudik' (sic!) i "Telefunken" w sprawie zakupu licencji i kooperacji w produkcji magnetofonów i gramofonów automatycznym zmieniającym płyt' (on negotiation with Grundig and Telefunken), Memo by mjr. A. Dyszy, 17 February 1967,

⁹²³ Dwilewicz, 'Reformy gospodarcze Bronisława Jaszcuka', 76.

equipment and the fact that Telefunken cancelled some of its orders for record players.⁹²⁴ In order to avoid repeating such mistakes, the report stressed the necessity to acquire only the newest technology and always secure export guarantees.⁹²⁵ Additionally, overlooking consumer needs became an object of critique. Reel-to-reel tape-recorders, record players and cassette decks were among the most elaborated deals among 17 license transactions involving consumer products executed in the late 1960s.

In light of these new objectives, in early 1971, the government formed a special expert team, which was supposed to create a plan of electronic development in Poland.⁹²⁶ The report prepared by this group assessed the technological gap between Poland and Western countries for 5-8 years. According to data from 1967, Polish investments in electronics per one habitant compared as 1:12 with the US, and 1:3 with Western European states. Similarly, the distribution of audio equipment per 1,000 habitants amounted to 172 in Poland but 1431 in the US, 305 in France and FRG, 349 in GDR, and 243 in Hungary.⁹²⁷ In order to address this disproportionality, the authors of the report called for a technological 'jump' to catch up with the West and overtake other socialist regimes. In their view, only such a radical approach could allow Poland to keep up with global technological developments. The authors stressed the importance of electronics for all the branches of economic development and well as for the education of the society. In their view, electronics were also important from the point of view of international trade: 'The development of electronics is one of the factors conditioning export in the long-term perspective. That concerns not only the export of electronics itself but also industrial products such as machines for mining'.⁹²⁸

The report declared technology for integrated circuits and transistors the critical acquisition in electronics. However, consumer goods, including above all audio and video products, came in a close second. The authors also recommended lowering prices for household electronics, which would allow

⁹²⁴AAN, KC PZPR 1354, V/93, 'Załącznik do informacji Najwyższej Izby Kontroli w sprawie wyników kontroli realizacji polityki licencyjnej' (on control of licence policy), Appendix to report by Highest Chamber of Control for Politburo, May 1971, 20-3.

⁹²⁵AAN, KC PZPR 1354, V/93, 'Informacja wstępna w sprawie realizacji polityki licencyjnej' (preliminary information on licence policy), Supreme Chamber of Control report for government, May 1971.

⁹²⁶Dwilewicz, 'Rola ekspertów', 13-4.

⁹²⁷AAN, URM 290, 5.4/25, 'Dokument końcowy z pracy zespołu specjalistów d/s zaopiniowania programu rozwoju elektroniki w latach 1971-75' (on development of electronics), Report by expert team for government, 19 April 1971, 13.

⁹²⁸AAN, URM 290, 5.4/25, 'Dokument końcowy z pracy zespołu specjalistów d/s zaopiniowania programu rozwoju elektroniki', 3.

their broad distribution and production.⁹²⁹ A plan concerning consumer products claimed that domestic distribution of electromechanics goods, including audio equipment but also cars, TV sets, video recorders, and other items, was supposed to rise by 82 per cent by 1975 when compared with 1970.⁹³⁰ Specifically, the annual number of cassette decks and tape recorders on the Polish market was supposed to grow from 92,200 in 1971 to 550,000 in 1975.⁹³¹ The dynamism also became apparent specifically in the case of 'Kasprzak', which produced audio equipment on Grundig and Thomson licenses. The factory expected to accelerate its production by 382 per cent by 1975.⁹³²

Given the increase of focus on technology transfers in electronics, in 1971, the government established the Unitra foreign trade enterprise, which was supervised by the Association of Polish Consumer Electronics Manufacturers Unitra.⁹³³ This new entity took over the responsibilities of Universal for household electronics, including audio equipment. The newly promoted director of Unitra Association, Lucjan Jaskólski, alongside Wrzaszczyk, who supervised all technology deals in the Ministry of Machine Industry, became an important figure in establishing and broadening relations with Western electronic companies.

8.3. On a quest for new technology

While defining new goals and creating structures to achieve them, the Polish 'jump' towards electronic development remained constrained by COCOM bans on the leading inventions in the field, especially in microelectronics and including transistors and integrated circuits.⁹³⁴ Although the ability to produce those devices could have strengthened socialist military capacities, its lack also effectively paralysed the production of consumer electronics, including audio equipment. Polish tape recorders and cassette decks based on Grundig and Thomson licenses all relied on obsolete technology, making them uncompetitive in the global market and unattractive to domestic customers. Access to the new generation of technology became critical for the advancement of the new modernisation program.

⁹²⁹AAN, URM 290, 5.4/25, 'Dokument końcowy z pracy zespołu specjalistów d/s zaopiniowania programu rozwoju elektroniki', 4.

⁹³⁰ AAN, URM 290, 5.4/27, 'Założenia w sprawie dostaw przemysłowych artykułów rynkowych', 4.

⁹³¹ AAN, URM 290, 5.4/27, 'Założenia w sprawie dostaw przemysłowych artykułów rynkowych', 7.

⁹³²AAN, MPM 677, 5/63, 'Analiza i program poprawy funkcjonowania i rozwoju ZRK w latach 1972-1975' (on development of 'Kasprzak'), Report by 'Kasprzak' for Ministry of Machine Industry, February 1972, 7.

⁹³³ Zjednoczenie Przemysłu Elektronicznego i Teletechnicznego Unitra.

⁹³⁴AAN, URM 290, 5.4/25, 'Dokument końcowy z pracy zespołu specjalistów d/s zaopiniowania programu rozwoju elektroniki', 6.

In this respect, the 'Cuivre-Electronique' deal with France reached in 1969 opened up significant possibilities. Despite the already-existing cooperation with Thomson-Brand on cassette-deck production, Thomson-CFS, the division of the company producing transistors and integrated circuits in 1970, refused to sell technology to Poland. Although the French committed to facilitating access to those solutions, the US vetoed its proposal during a COCOM meeting.⁹³⁵

The situation changed with the political reshuffling in Poland that followed the crisis of December 1970. Western European states and companies immediately recognised Polish aims to improve political relations and strengthen economic ties. In 1971, embassies of Western European states in Warsaw reported an anticipated departure from the orthodox communist line, represented by Gomułka, and numerous upcoming business possibilities.⁹³⁶ At that time, Polish officials provided Western diplomats with an impressive list of technology envisaged to be acquired in the following five years, thus fuelling their desire for lucrative deals.⁹³⁷

In this context, soon after the December turmoil in Poland, the question of integrated circuits reemerged in Polish-French relations. The Ministry of Foreign Affairs and the Ministry of Foreign Trade expressed increasing annoyance with the attitude of Thomson-CSF, who continued to promise that Poland would obtain the US support for transfers of advanced technology. Indeed, the French attached substantial value to the deal, which they described as a 'political and prestigious matter'.⁹³⁸ In February and March 1971, the French ambassador in Washington unsuccessfully pressured US National Security Advisor Kissinger to remove the US veto in COCOM.⁹³⁹ The appeal eventually reached President Nixon, who similarly rejected it, pointing out that integrated circuits could be applied to the production of missiles. The French side, however, insisted that the transfer of technology was necessary to 'help Poland maintain its favourable orientation'.⁹⁴⁰

In order to ease the relationship with Thomson-CSF's Polish partners, its vice director, Danzin,

⁹³⁵AMSZ, Dep. IV, 27/77, w.4, 'Sprawozdanie z konsultacji polsko-francuskich, które miały miejsce w dniach 9.VI do 10.VI.1971 w Paryżu' (on Polish-French consultations), July 1971, 2-3.

⁹³⁶E.g. TNA, FCO 28/1938, 'Interview with Polish Prime Minister', Report from British embassy in Warsaw to London, 3 August 1972.

⁹³⁷AMSZ, Dep. IV, 27/77, w.4, 'Instrukcje dla Obywatela VMinistra R. Karskiego, Przewodniczącego delegacji polskiej na okresowe konsultacje z władzami francuskimi w sprawie wzajemnej współpracy gospodarczej, które mają się odbyć w Paryżu w dniach 9-10 czerwca 1971 roku' (guidelines for Polish-French talks on economic cooperation), 31 May 1971, 3.

⁹³⁸AMSZ, Dep. IV, 45/77, w.2, Olechowski to Jędrzychowski, 5 November 1969, 2.

⁹³⁹CADC, 199QO/435, 'Cession d'une licence de fabrication de circuits integres a la Pologne', Lucet (French ambassador in the Washington) to Paris, 1 March 1971.

⁹⁴⁰CADC, 199QO/435, 'Project de vente a la Pologne d'une licence de fabrication de circuits integres', Lucet to Paris, 18 March 1971, 2.

arrived in Warsaw in March 1971. He explained to Polish officials that the sale of licenses against the American veto would result in Thomson being put on the ‘black list’ for trade with the US and suggested revisiting the matter in a few months.⁹⁴¹ Indeed, while the French government considered violating the US veto, it was the company’s leadership that insisted on first receiving permission. Instead of integrated circuits, Danzin offered Unitra transistors and diodes, which were also desired by the Polish electromechanical industry, at a reduced price.⁹⁴² While taking advantage of Thomson’s offer, the Polish Ministry of Foreign Affairs warned the French of the potential damage to bilateral relations and decided to look for a different provider of technology for integrated circuits.⁹⁴³

Although the Polish leadership recognised the US and Japan as global leaders in electronics, it knew that no company in those countries would be willing to enter into cooperation with Poland. Additionally, despite the breakthrough in political relations, the FRG was not interested in making a deal that had the potential to strengthen military equipment in the socialist bloc.⁹⁴⁴ By contrast, in 1971, the Italian Ministry of Foreign Affairs made the Polish side an offer for the sale of integrated circuits by SGS-Olivetti. Although Italy assured Poland that they would manage to remove the American veto in the COCOM, their appeal shared the fate of the French one.⁹⁴⁵

Soon afterwards, an offer for integrated circuits arrived from the UK’s Ferranti. It proposed a complex contract, worth 2.4 million pounds (around 5.8 million US dollars), of which over a half was comprised of technological solutions officially banned by COCOM. As in the case of Thomson, the deal played a crucial role for the electronics sector in the UK, which, due to strong American competition, had recently experienced heavy losses. Requesting government support for the deal, the head of the company, Sebastian de Ferranti, stated that the company might have to give up on the production of integrated circuits if the deal fell through. At the same time, Ferranti also shared Thomson’s concerns: ‘if as a consequence, the UK electronic industry was denied access to US

⁹⁴¹AMSZ, Dep. IV, 45/77, w.2, 1, Strzelecki and Kopeć to Kaim, 2 April 1971.

⁹⁴²AMSZ, Dep. IV, 27/77, w.4, Olechowski to Jędrychowski, 12 March 1971, 4.

⁹⁴³AMSZ, Dep. IV, 45/77, w.2, Karski to Olszewski, 11 June 1971; AMSZ, Dep. IV, 27/77, w.4, ‘Notatka z rozmów przeprowadzonych w Paryżu w okresie 4-12 bm przez delegację Elektrimu /dyr. Dylewski I dyr. Flis/ I przemysłu elektronicznego /dyr. Bieliński/, z firmą Thomson-CSF na temat zakupu licencji i urządzeń dla produkcji tranzystorów i obwodów scalonych’ (on talks with Thomson-CSF), Memo by Górski from Polish embassy in Paris to Warsaw, 13 March 1971, 4.

⁹⁴⁴AMSZ, Dep. IV, 45/77, w. 11, ‘Protokół z rozmowy Prezesa Rady Ministrów P. Jaroszewicza z Wiceprzewodniczącym SDP i Przewodniczącym frakcji SDP w Bundestagu, H. Wehnerem’, 7 February 1972 cited after: Jarząbek, *Polska Rzeczpospolita Ludowa wobec*, 280.

⁹⁴⁵AMSZ, Dep. IV, 45/77, w.2, Staniszewski to Olechowski, 7 April 1971.

technology'.⁹⁴⁶ As in the case of France and Italy, the UK also failed in the COCOM due to the American veto. Determined to push the deal through, however, the UK Foreign Office launched a diplomatic offensive in Washington.

Simultaneously, the French also continued their efforts with regard to the US administration. In talks with the Americans, the two countries interested in the sale of integrated circuits stressed the new consumption outlook of socialist Poland, the precedents of the technology sales to socialist states, and the fact that the proposed technology did not represent the newest solutions.⁹⁴⁷ US persistence in the matter triggered suspicion on the part of the French and British that, in fact, Washington sought to ruin the European electronics sector.⁹⁴⁸ On the other hand, Thomson and Ferranti's attempts to sell technology to the socialist regime became an object of American media critique.⁹⁴⁹

While witnessing the increasing disagreements and competition between Western actors, the Polish officials enjoyed relationships with all sides and used the situation to their advantage. In fact, during meetings with both the British and the French, they stressed that the deal would be struck elsewhere if the process did not speed up, fuelling competition between and efforts of Western Europeans on COCOM.⁹⁵⁰ Polish diplomats and representatives of Unitra also planned talks with the US. France, however, strongly advised them against this course of action, claiming that it might bring adverse results.⁹⁵¹

The problem became aggravated in autumn 1971, when France and the UK learnt, through informal channels, that the Soviet Union was already capable of producing integrated circuits and would soon pass the technology to Poland.⁹⁵² While the representatives of both countries tried to use this information as leverage in Washington, Thomson, assuming that this might be the last chance to strike a deal, responded decisively.⁹⁵³ Danzin came to Warsaw and, regardless of the COCOM ban, signed a provisional contract that was supposed to be confirmed by the end of March 1972.⁹⁵⁴

⁹⁴⁶TNA, FCO 69/222, 'Talks between the Prime Minister and the President of the United States of America at Bermuda 20-21 December 1971', Brief for the Prime Minister by Foreign and Commonwealth Office, 2 December 1971, 5.

⁹⁴⁷TNA, FCO 69/222, 'Talks between the Prime Minister and the President of the United States; CADC, 199QO/435, 'Cession à la Pologne d'une chaîne de fabrication de circuits intégrés', De Margerie to Washington, 28 December 1971, 2.

⁹⁴⁸E.g. Chapman Pincher column, *Daily Express*, 26 November 1971.

⁹⁴⁹E.g. 'W. European trade with East stirs U.S.', *New York Herald Tribune*, 5 January 1971.

⁹⁵⁰TNA, MT 11/319, 'Integrated circuitry', Memo by Handerson, 30 November 1972.

⁹⁵¹AAN, URM 290, KT 82/46, Ministry of Foreign Affairs to Kaczmarek, 17 April 1971.

⁹⁵²TNA, FCO 69/222, 'Proposed export of integrated circuit manufacturing equipment to Poland', British embassy in Washington to London, 17 November 1971.

⁹⁵³TNA, PREM 15/1950, Heath to Nixon, 27 March 1972, 1.

⁹⁵⁴CADC, 199QO/435, 'Execution du programme "electronique"', Jordan to Paris, 1 December 1971.

The information collected by the French and the British concerning the Soviet integrated circuits was correct. Indeed, in early 1972 Poland acquired the 'Logic II' licence, originally produced in the USSR. However, the report for the security services, which came from an engineer working on the technology, assessed that the implementation of the Soviet licence would require six times more employees, twelve times bigger space and thirty times higher financial contribution than the French one.⁹⁵⁵ Moreover, Soviet technology soon proved incomplete and required enhancing with other solutions.⁹⁵⁶

At the same time, the French foreign service, acting under time pressure and in the face of British competition, further reinvigorated its efforts concerning the Americans. As documents from early 1972 framed it: 'Only an intervention at the highest political level could influence the American position'.⁹⁵⁷ In a letter from the French minister of foreign affairs, Maurice Schumann, to Kissinger, from March 1972, he stated: 'I think there are two advantages in the continuation of our cooperation with Poland in the electronics sector: it allows us to control the Polish factories and their technological advancements and on the other hand it limits Polish electronic dependence on the USSR'.⁹⁵⁸ Despite being confronted with the instrumental political and strategic arguments, Kissinger remained sceptical.⁹⁵⁹ A breakthrough in the matter and authorisation to sell the technology took place only two days before the expiration of a provisional Polish-French contract from late 1971, on 29 March 1972. In all likelihood, the French side threatened the US with getting the deal through despite COCOM's objections. As the French embassy in Washington reported: 'The White House's decision was largely motivated by the importance that the US attaches to the COCOM and the desire to keep the institution operative'.⁹⁶⁰

Securing American permission was, however, hardly the end of the problematic affair of integrated circuits. Both the French and the British welcomed the decision of the US administration and called for vigorous action to materialise the contract. While Ferranti and the UK Foreign Office

⁹⁵⁵AIPN BU 0236/158, t.3, 6, 'Doniesienie', Report by 'Wnuk', 19 February 1972.

⁹⁵⁶AAN, URM 290, 5.4/112, 'Informacja o stanie wdrożenia do produkcji licencji zakupionych w latach 1971-1974 oraz o osiągniętych efektach czynnych licencji w tym okresie. Część III Materiały statystyczne GUS. Załącznik nr 6' (on licences bought 1971-1974, III part, appendix 6), Report by Ministry of Science, Higher Education and Technology in cooperation with Planning Commission and Ministry of Foreign Trade for government, December 1975, 8.

⁹⁵⁷CADC, 199QO/435, 'Cession a la Pologne d'une chaine de fabrication de circuits integres', Lucet to Paris, 5 February 1972, 2.

⁹⁵⁸CADC, 199QO/435, Letter from Schumann to Kissinger and Rogers, 14 February 1972, 2.

⁹⁵⁹CADC 199QO/435, Lucet to Paris, 11 March 1972, 2.

⁹⁶⁰CADC 199QO/435, 'Cession a la Pologne d'une chaine de fabrication de circuits integres', Lucet to Paris, 29 March 1972, 2.

issued a telegram to Unitra inquiring about a suitable date to sign the deal, Thomson immediately sent a delegation to Warsaw.⁹⁶¹ The team, apart from Thomson's representatives, included the nephew of Giscard d'Estaing, minister of finance 1969-74, which signaled the political importance the French attached to the matter.⁹⁶² Surprisingly, on the 31 March, the head of Unitra, Jaskólski, refused to sign the contract, which as a consequence expired.⁹⁶³ At the same time, he agreed to meet with Ferranti only in May and broke off communication with the United Kingdom.⁹⁶⁴

The bold behaviour of Unitra, badly received by the French, turned out to be a consequence of internal tensions among the socialist elites. Given the substantial increase in competences of an industrial association, Jaskólski decided to act independently and hesitated to accept the offer. A few days later, representatives of the Ministry of Foreign Affairs and the Ministry of Foreign Trade apologised to the French delegation and explained that the industrial apparatus, unlike the political one, had a strong preference for the German and British companies.⁹⁶⁵ After his intervention and consultations with Gierek on the matter, the contract was eventually signed on 14 April.⁹⁶⁶

Naturally, such a course of events left Ferranti highly disappointed.⁹⁶⁷ Moreover, according to British reports, the US removed its ban in COCOM thanks to British diplomats, not the French, who reacted faster.⁹⁶⁸ The negative attitude towards French competitors escalated three months later, when Poland made a deal with French Berliet on bus production, disqualifying British Leyland's offer. The failure of cooperation on the production of integrated circuits and buses mobilised the UK to rethink its strategy concerning East-West trade. In that period, UK officials regularly inquired with Polish diplomats and Foreign Trade representatives about the reasons behind the lack of interest in developing Polish-British cooperation and the focus on France instead. Given the usually highly favourable terms of credits offered by British banks⁹⁶⁹ and the fact that British technology, both in the case of integrated circuits and that of buses was assessed as more advanced, the question was

⁹⁶¹ TNA, FCO 69/315, 'Sequence of events in Polish negotiations', Ferranti's report, July 1972.

⁹⁶² CADC 199QO/435, 'Cession a la Pologne d'une chaine de fabrication de circuits integres', Cabouat to French embassy in Warsaw, 29 March 1972.

⁹⁶³ CADC 199QO/435, 'Cession d'une fabrication de production de circuits integres', Jordan to Paris, 31 March 1972.

⁹⁶⁴ TNA, FCO 69/315, 'Sequence of events in Polish negotiations'.

⁹⁶⁵ CADC 199QO/435, 'Contrat sur les circuits integres', Jordan to Paris, 4 April 1972; CADC 199QO/435, 'Contrat sur les circuits integres', Jordan to Paris, 3.

⁹⁶⁶ CADC 199QO/435, 'Contrat sur les circuits integres- entretien avec le Ministre des Affaires Etrangeres', Jordan to Paris, 7 April 1972; CADC 199QO/435, 'Contrat sur les circuits integres', Jordan to Paris, 15 April 1972.

⁹⁶⁷ TNA, FCO 69/315, De Ferranti to Heath, 4 July 1972.

⁹⁶⁸ TNA, FCO 69/315, 'Sequence of events in Polish negotiations'.

⁹⁶⁹ TNA, FCO 28/1938, 'Discussion with Polish Minister of Foreign Trade', British embassy in Warsaw to London on talk with Olechowski, 28 September 1972.

especially pressing.⁹⁷⁰ The reports produced afterwards revealed several reasons behind Polish action. First, Poland was disappointed with the fact that the UK joined the EEC and consequently the CAP, which negatively impacted the traditional, Polish, agricultural exports in this direction. In the early 1970s, the UK was still the second-biggest trading partner in Western Europe and the prospects of increasingly difficult access to its market was called by the Polish minister of foreign trade as ‘humiliating’.⁹⁷¹ British reports interpreted the lack of will in machinery cooperation as a result of those controversies.⁹⁷² Second, the highest Polish officials concerned with Foreign Trade had a pro-French inclination. That was the case not only with the first secretary, who grew up in France, but also minister of foreign trade, Tadeusz Olechowski, previously the ambassador to France,⁹⁷³ and Wrzaszczyk, who allegedly simply favoured doing business with French and Italians.⁹⁷⁴ Finally, the Foreign Office realised that this kind of decision often had political motivations and recommended to use political means to improve the position of British business in Poland.⁹⁷⁵ As Ferranti suggested in its report: ‘we have to learn from the French’.⁹⁷⁶ The British interpretation largely corresponded with the logic represented by the Polish side, which assumed economic exchange as part of the process of building political ties. Driven by the fear of concentration of Polish economic relations in the UK and FRG, on 27 April 1972 the Ministry of Foreign Trade even temporally banned purchases from those countries.⁹⁷⁷

While successfully navigating the Western European technology market, Poland simultaneously moved through unofficial channels. The transistors and integrated circuits were among the key targets for ‘Sputnik’, the undercover division in the Ministry of Machine Industry. Alongside negotiating with Ferranti and Thomson and taking advantage of French and British diplomats in obtaining American permission for technology transfers, the secret service engaged in

⁹⁷⁰ ‘Memorandum from the Acting Chairman of the National Security Council Under Secretaries Committee (Samuels) to President Nixon’, Washington, 8 March 1972, n. 377, in Bruce Duncanson and David Patterson (eds.), *Foreign Relations of the United States, 1969-1976*, vol. 4, *Foreign Assistance, International Development, Trade Policies, 1969-1972* (Washington: Department of State, 2002), 949-52.

⁹⁷¹ TNA, FCO 28/1938, ‘Call on Minister of Foreign Trade’, British embassy in Warsaw to London, 3 July 1972, 1.

⁹⁷² TNA, FCO 69/315, Report by C.J. Farrow Private Secretary Minister for Trade, 16 June 1972, 5.

⁹⁷³ TNA, FCO 28/1938, ‘Note for meeting with Minister of Foreign Trade’, British embassy in Warsaw to London, July 1972, 4.

⁹⁷⁴ TNA, FCO 28/1938, ‘Polish Ministry of Foreign Trade’, British embassy in Warsaw to London, 31 August 1972, 1.

⁹⁷⁵ TNA, FCO, 69/315, ‘Minister for Trade’, Report by PS Peterson, 17 May 1972.

⁹⁷⁶ TNA, FCO 69/315, ‘Sequence of events in Polish negotiations’.

⁹⁷⁷ AAN, URM 290, 5.4/33, ‘Informacja dot.: stanu kontraktacji i realizacji dostaw w imporcie wyrobów przemysłu elektromaszynowego za I kw. 1972’ (on imports in electromechanical industry) Report by the Ministry of Foreign Trade for government, 27 April 1972, 3.

talks with the Japanese company Sanyo-Tokyo. As a country officially sceptical about sharing its technology with the socialist regimes, Japan itself preferred under cover cooperation. The contract for a massive transfer of technology, concerning mostly integrated circuits, and highly restricted by the COCOM, was made in confidential circumstances already in January 1972.⁹⁷⁸ A few years before Japan reached a similar undercover agreement with China.⁹⁷⁹ In a letter to the six highest PUWP leaders, Wrzaszczyk, described the deal with Sanyo-Tokyo as a ‘particularly big achievement’ and recommended to decorate the officers of the security service involved in the operation. He stressed the Japanese technology, combined with the complementing one acquired from Thomson: ‘allows to make a big technological jump concerning the quality and scale of production’ and that ‘the launch of production of integrated circuits [...] radically reduced distance between leading global companies and us in this sector and made us one of the CMEA leaders’.⁹⁸⁰ The plan of Polish developments up to 1990, prepared in 1974, shared Wrzaszczyk’s enthusiasm claiming that: ‘in microelectronics, we are close to the leadership both among socialist and capitalist states’.⁹⁸¹

8.4. Same, same but different

Gaining access to the newest generation technology opened up more possibilities for Polish electronics and their domestic distribution. While catching up with the electronic revolution, the deals on audio equipment made in the late 1960s needed to be completed. Polish press complained about the quality of audio equipment and, since the deal with Gruding and Thomson, impatiently awaited the distribution of these new products.⁹⁸² Jaskólski, interviewed in 1971 by *Życie i Nowoczesność*, promised the massive arrival of new, high-quality electronics.⁹⁸³ Despite this enthusiasm, manufacturing, distributing, and exporting Grudnings and Thomsons turned out to be more challenging than initially assumed.

⁹⁷⁸ Paczkowski, ‘Rezydentura wywiadu MSW’, 64-5.

⁹⁷⁹ ‘Memorandum from the Acting Chairman of the National Security Council’, in Duncce and Patterson (eds.), *Foreign Relations of the United States, 1969-1976*, vol. 4, 950.

⁹⁸⁰ AAN, URM 290, KT 101/6, ‘Notatka nr 3 w sprawie uruchomienia produkcji układów scalonych o zakupioną licencję w trybie tajnym’, Wrzaszczyk to Gierek, Jaroszewicz and more, 19 October 1973.

⁹⁸¹ AAN, KC PZPR 1354, V/122, ‘Wstępny projekt planu perspektywicznego do roku 1990’, 111.

⁹⁸² E.g. Karol Szwarz, ‘Nie tylko magnetofon’, *Życie gospodarcze* 10 (1968), 1 and 4; Marian Bytniewski, ‘Unitra i nadzieje na lepszą przyszłość’, *Rynki Zagraniczne* 29 July 1971, 5.

⁹⁸³ ‘Radio, ale jakie? Elektronika przed późnym skokiem. Z dyr. “Unitry”, inż. L. Jaskulskim rozmawia “Życie i nowoczesność”’, *Życie i Nowoczesność* suplement to *Życie Warszawy*, 4 February 1971, 1.

In the early 1970s, production in the 'Kasprzak' factory included above all reel-to-reel tape recorders from the Grundig TK series. As the technicians predicted at the time of acquisition in 1967, the license was easily and effectively implemented, which soon allowed the distribution of the products on the domestic market and among CMEA members. Moreover, after the expiration of the contract in 1969, Poland was entitled to sell its TKs to the capitalist states. Nevertheless, Western buyers soon turned out to be uninterested in the reel-to-reels offered by Poland. Similarly, the exports to the socialist countries diminished from year to year, reflecting the declining demand for this kind of product.⁹⁸⁴ Finally, the distribution also proved problematic in the domestic context. As the report from 1972 by the Supreme Chamber of Control stated: 'It has been forgotten that it is not enough to produce cheaply and massively. Also, what people want to buy needs to be produced. [...] 'Kasprzak' produced a few thousand reel-to-reel tape recorders, for which there is no demand. It is a classic example of producing for a warehouse, which does not contribute to enhancing the quality of life'.⁹⁸⁵

Yet, lack of demand was not the only problem with the TK series. While the original Grundig technology, for TK-120, 125, 140 and 145 was successfully implemented, the locally enhanced version, ZK-240, proved much more defective. According to the agreement from 1970, it was envisaged as a form of repayment for the Thomson technology for the MK cassette decks. Thus, problems with production immediately foreshadowed difficulties in 'Kasprzak's' and Unitra's relationship with the French company.

The pilot version of the ZK-240, produced in mid-1971, already revealed technical flaws. After some improvements, the first delivery to the factory in Moulins comprised of only 390 tape recorders, instead of 1,500 foreseen for the first year of cooperation. Moreover, the French partner rejected the export, given its low quality and damages during the transport. During a meeting in Paris in January 1972, Thomson informed Unitra about its cancellation of delayed deliveries and asked the Polish side for reimbursement of expenditures on advertisement for 'Kasprzak's' reel-to-reel tape recorders. Despite those problems, the company expressed a willingness to continue cooperation and maintained its orders for the ZK-240 for the following years. At this point, the Polish government ordered the Supreme Chamber of Control to verify the transaction. The report it sent to the prime minister stated: 'Unfulfilling the contract obligations, alongside the reduction of cooperative orders, might lead to the loss of the French market, financial fines for delayed deliveries, and the possible need to pay back

⁹⁸⁴ AIPN, BU 0999/20, t.10, 'Notatka informacyjna', Memo by Lt. Jerzy Suchocki, 5 January 1973.

⁹⁸⁵ AAN, NIK 1154, 73/70, Memo by Supreme Chamber of Control, 3 September 1972.

our commitments in cash. To that end, beneficial for the Polish side contract with the TB [Thomson-Brandt] company, because of defective implementation might bring losses, not benefits'. The report also clearly indicated that it was likely that 'Kasprzak' would not be able to resolve the problem easily.⁹⁸⁶ Indeed, in 1972, the plant again failed to accomplish the commitments put down in the agreement, and Thomson terminated the contract.⁹⁸⁷ Soon thereafter, 'Kasprzak' gave up on the manufacturing of the ZK-240 tape recorder, assessed as 'completely unsuitable for production'.⁹⁸⁸

The situation concerning MK-125 cassette decks on Thomson licenses also did not present itself well. Already in 1971, Hungary refused to provide Poland with components, considered indispensable for production. For this reason, 'Kasprzak' needed to import original parts from the Moulin factory, which resulted in additional spending eight times higher than initially planned.⁹⁸⁹ Despite its popularity among consumers, the product soon turned out to be faulty. That prevented Unitra from the ability to export cassette decks to CMEA countries immediately.⁹⁹⁰ The technical problems continued in the following years are what drove 'Kasprzak' into disagreements with factories in Yugoslavia and Czechoslovakia, which ordered the deliveries of the MK-125.⁹⁹¹

Given the outdatedness of the TK reel-to-reel tape recorders, as well as low the quality of the local ZK-240 and MK-125 cassette decks, 'Kasprzak' production had very low chances of fulfilling the ambitious plans of the socialist leadership. Despite the difficult partnership with the Western companies, according to the Ministry of Machine Industry and 'Unitra', the acquisition of a new license was a remedy for pressing problems.

From June 1973, the foreign trade and industrial apparatus started informally exploring options for the acquisition of technology for the new cassette decks. The Polish electronic industry, already producing integrated circuits, could look for technology that relied on an electronic solution. Although at that time the Soviet Union often criticised the Polish leadership for its focus on Western producers and overlooking solutions offered by socialist countries, the idea of purchasing new

⁹⁸⁶ AAN, NIK 1154, 73/70, Supreme Chamber of Control to Jaroszewicz, 27 May 1972.

⁹⁸⁷ AIPN BU 0999/20, t.12, Memo by J. Sasin, 12 October 1972.

⁹⁸⁸ AIPN BU 0999/20, t.10, 'Informacja dot. Wykonania planu produkcyjnego za rok 1972 przez Zakłady Radiowe im. M. Kasprzaka w Warszawie' (on production plan for 1972 in 'Kasprzak'), Memo by Lt. Jerzy Suchocki, February 1973, 3.

⁹⁸⁹ AAN, NIK 1154, 73/70, Report by Unitech, 26 March 1971.

⁹⁹⁰ AIPN BU 0236/158, t.3, 'Notatka w sprawie sytuacji produkcyjnej i eksportowej w Zakładach Radiowych im. M. Kasprzaka w Warszawie' (Memo on production and export in 'Kasprzak'), February 1972, 2.

⁹⁹¹ AIPN BU 0999/20, t.11, 'Informacja', Memo by Lt. Jerzy Suchocki, 8 August 1972.

cassette decks from CMEA members never entered the debate.⁹⁹² ‘You immediately assume that the Soviet [choice] will not suit you’, said Prime Minister Jaroszewicz during the government debate concerning another licensee acquisition, revealing the prevailing preference among socialist elites for cooperation with Western companies.⁹⁹³ In the case of audio equipment, it was clear that the license would be purchased from a capitalist country.

The negative experience with Thomson disqualified the producer. Moreover, the Ministry of Foreign Trade reports from that period questioned the future of the French electronics industry and pointed rather to the US, Japan and the Dutch Philips as global leaders in the field.⁹⁹⁴ While the US electronic giants never expressed interest in the Polish industry, the Japanese firm Sony even established an initial correspondence with Unitra, which, however, never resulted in cooperation.⁹⁹⁵ The very preliminary talks took place also with the representatives of Philips, a company with which the Polish industry had hoped to establish links since the 1960s. As the security services reported, however, the meeting took place unofficially during the International Fair in Poznań and was a personal initiative of one of the directors in ‘Kasprzak’. The Ministry of Interior condemned his move, stressing that the possible relationship with Philips was such a sensitive matter that it could only be established through political channels.⁹⁹⁶ Like in the 1960s, however, any attempt at official talks failed. Philips’ attitude towards East-West trade well reflected the Dutch position, which, according to Polish reports in the 1970s, remained more sceptical towards broadening cooperation with socialist regimes than other EEC members.⁹⁹⁷

While most of the talks on cassette deck production ended at the preliminary stage, in July 1973, Grundig opened official negotiations with Unitra. The company, despite high expectations fuelled by Beitz in 1970, from 1969 did not cooperate with Poland. In 1973, after an inquiry from the Polish side, Grundig offered ‘Kasprzak’ the technology for C-230 cassette decks and C-200 cassette decks with radio, both developed in recent years. According to details put forward during the visits of

⁹⁹² AAN, URM 290, KT 82/46, ‘Notatka z rozmowy przeprowadzonej w dniu 3 kwietnia 1971 r. z Radcą Ambasady ZSRR w Warszawie Tow. A. Cepowem’ (on talks with Cepow from USSR embassy in Warsaw), Memo by Ministry of Machine Industry, 3 April 1971, 1-2.

⁹⁹³ AAN, URM 290, 5.4/46, ‘Zapis przebiegu obrad posiedzenia Prezydium Rządu’ (Minutes from Presidium of Government meeting), 9 February 1973, 97.

⁹⁹⁴ AAN, MHZ 351, 45/12, ‘Sytuacja gospodarcza Francji’ (on economic situation in France), Report from Polish embassy in Paris to Warsaw, February 1972, 22.

⁹⁹⁵ AIPN BU 0999/20, t.11, Tolak to Jaskólski, 6 July 1973.

⁹⁹⁶ AIPN BU 0236/158, t.3, ‘Notatka służbowa’, Memo by capt. St. Jankowski, 29 September 1972; AIPN BU 0236/158, t.3, ‘Notatka służbowa’, Memo by capt. St. Jankowski, 26 September 1972.

⁹⁹⁷ AMSZ, Dep. IV, 20/79 w.11, ‘Plan pracy Departamentu IV na rok 1974’, 27.

Grundig's delegation in Warsaw in 1973, immediate orders for products were supposed to accompany the transfer of the licenses.⁹⁹⁸

While buying technology from the French was easy, in light of the 1969 'Cuivre-Electronique' agreement, providing Poland with a credit line for electronics from French companies, the case of the FRG was more complicated. Unlike other Western European states such as France or the UK in the early 1970s, the FRG was not eager to open a beneficial investment credit facility to Poland, instead offering bank loans. Given these unfavourable conditions, the Planning Commission initially recommended avoiding FRG loans.⁹⁹⁹ Already in mid-1973, however, a report prepared by the Polish embassy in Bonn stressed the need to get more indebted with the country. According to the document, only credits could allow to 'build long-term ties with the FRG'. Moreover, the authors pointed out that despite the steady increase in economic exchange between both countries, Polish exports were much lower than its imports and were comprised predominantly of resources, not machinery products. In this sense also, they argued that through credit Poland could enter more bilateral agreements and 'disqualify resources from the exports'. Finally, the document stressed 'By this means, we could stimulate the emergence of an industrial circle, which would shape the relationship with the Polish Peoples' Republic and influence politicians in the FRG in a beneficial way for us'.¹⁰⁰⁰

Following this logic, Polish officials attached special value to the question of debt during the process of political normalisation. The idea of receiving a 10 billion deutsche mark (around 3.7 billion US dollars) loan at a highly beneficial 2 per cent rate as a form of compensation for the losses of the Second World War was continuously brought up by the Polish leadership. At that time, the leadership was willing to establish a direct linkage between FRG credits and the actions of 'family unification' concerning Germans living in Poland. In the early 1970s, meetings between two sides became negotiations linking the number of authorised exits from Poland to the level of credit provided by the FRG.¹⁰⁰¹

In 1973, having the Grundig deal on the table, the Polish side increased its efforts concerning credit lines from the West German government. The visit to Poland of FRG's Minister of Economy Hans Friderichs was to serve this goal. Wrzaszczyk raised the topic during their bilateral meeting, which included a visit to the 'Kasprzak' factory. The Polish minister of machine industry stressed the

⁹⁹⁸ AIPN BU 0999/20, t.11, 'Notatka służbowa', Memo by lt. Jerzy Scuhocki, 19 November 1973.

⁹⁹⁹ AAN, KC PZPR 1354, V/93, 'Zasady polityki kredytowej', 9.

¹⁰⁰⁰ AMSZ, Dep. IV, 47/77 w.14, Report by Piątkowski from Polish embassy in Bonn to Warsaw, 19 July 1973.

¹⁰⁰¹ Jarząbek, *Polska Rzeczpospolita Ludowa wobec*, 327-66; Stokłosa, *Polen und die deutsche Ostpolitik*, 365-70.

importance of cooperation with Grundig and expressed hope and willingness to broaden its scope substantially. He also tempted Friderichs with opportunities in Poland by revealing that his ministry had bought over 100 licenses since 1971, and that the recent acquisition of integrated circuits would allow the quick advancement of the electronic industry.¹⁰⁰² During the same visit, the Polish prime minister stated: 'without resolving economic problems, we cannot move forward with political normalisation' and insisted on a 10 million deutsche mark (around 3.7 million US dollars) credit.¹⁰⁰³ Despite those efforts, as well as the strong lobbying of Beitz, who supported the idea of long-term investment credits for the socialist states, Brandt's cabinet remained resistant, and the new deal on cassette decks needed again to be made on loan from a private bank.¹⁰⁰⁴ The facility was granted by the Manufacturers Hanover Trust.¹⁰⁰⁵

With the new agreement ready, the proposal for the relaunch of cooperation with Grundig reached the government, which discussed it on 1 March 1974. The proposed decision included not only the purchases of license but also the enlargement and modernisation of 'Kasprzak', as well as the other factory in Lubartów, which now was also supposed to produce cassette decks. The costs of investment assumed 641 million zlotys for building works, 59 million exchange zlotys (18 million US dollars) for initial technology transfers, and 22 million exchange zlotys (7 million US dollars) of annual expenditures of components.¹⁰⁰⁶ However, these expenditures were supposed to be recovered with exports to Grundig, which committed to buying around 50 per cent of Poland's production each year between 1975 and 1981.¹⁰⁰⁷ The minister of finance, Jędrzychowski, raised the initial concerns. Pointing out that only four years before, Poland had bought a license for cassette decks, he inquired about the reasons for the failure of this cooperation. In his view, the answer to this question was necessary to 'avoid the same mistakes in those matters'. In his response, Wrzaszczyk, who was personally responsible for the deal, stressed that the two transactions were not comparable given that 'technology moved incredibly forward and it was a new and different generation of cassette decks'. The deputy chairman of the Planning Commission, Chyliński, supported the defence of the minister

¹⁰⁰² AAN, MHZ 351, 45/4, 'Minister H. Friderichsa. Wizyta u Ministra Przemysłu Maszynowego Tadeusza Wrzaszczyka' (on Wrzaszczyk's talks with Friderichs), 13 December 1973.

¹⁰⁰³ AAN, MHZ 351, 45/4, 'Wizyta Ministra H. Friderichsa u Prezesa Rady Ministrów P. Jaroszewicza' (on Jaroszewicz's talks with Friderichs), 14 December 1973.

¹⁰⁰⁴ Jarząbek, *Polska Rzeczpospolita Ludowa wobec*, 329.

¹⁰⁰⁵ AAN, BH 638, 23/512, 'Notatka informacja nr. 584 A Manufacturers Hanover Turst Company, Frankfurt/Main Kredyt DM 2.211.240,- na finansowanie kontraktu zawartego między PHZ Unitra a zachodnioniemiecką firmą Grundig AG' (on financing of Grundig contract), 16 August 1975.

¹⁰⁰⁶ AAN, URM 290, 5.4/72, 'Uchwała Nr 67/74 Rady Ministrów w sprawie uruchomienia magnetofonów kasetowych w Zakładach Radiowych im. M. Kasprzaka w Warszawie' (government decision on cassette decks), 1 March 1974.

¹⁰⁰⁷ AAN, URM 290, 5.4/72, 'Zapis przebiegu obrad posiedzenia Prezydium Rządu' (Minutes from Presidium of Government meeting), 1 March 1974, 44.

of machine industry, stressing that despite the failure of the Thomson cassette decks, the transfer of technology from France allowed the development of Polish industry, and prepared it for the production of a new generation products. Similarly, Vice Prime Minister Jagielski supported the idea of a new license, stressing the unfulfilled domestic demand. While accepting the idea of purchasing technology, Jędrychowski raised additional concerns related to taking credits unforeseen by the plan: 'We are getting into debt at a speed much faster than assumed in the Plan. In my opinion, imposing additional tasks, increasing imports, and financing it through unplanned debts is impossible'. Rejecting arguments supporting further debt-taking, he stressed: 'I suggest that the Presidium of the Government reflect upon the idea of getting further into debt under the circumstances in which in the second half of the year we might become insolvent'. Responding to that point, Jagielski calmed down the fellow members of the Presidium: 'There is no need to use terrifying words like 'insolvent'. The matter is very beneficial and concrete'. Similarly, another vice prime minister, Kaim, vice prime minister, while agreeing with Jędrychowski that multiplication of these kinds of matters might lead to severe economic problems, he stressed: 'It is true that we have to ask this kind of question on every occasion, but we also have to choose which of those occasions is the best one and take a small risk. This is really some kind of risk, a small risk'. Wrzaszczyk eventually dismissed Jędrychowski's voice of concern, pointing out that: 'if the deal does not go through quickly, the contract will be broken'. Following his intervention, the Presidium of the Government accepted the decision and classified it as an 'investment with a quick return', which gave it a special priority and justified its unplanned character.¹⁰⁰⁸

Unlike in the cases of Fiat and Berliet, the deal with the FRG did not receive press coverage. Before signing the agreement, Grundig requested that the Polish side not publicise the cooperation. Facing employee lay-offs and serious financial difficulties, the company did not wish to broadcast its expansion to Poland.¹⁰⁰⁹ Omitting information about the new deal fitted the official narrative of the leadership, which was not interested in sharing with the public information about strengthening Poland's economic relationship with the FRG. At the same time, the press regularly wrote about production in 'Kasprzak', mentioning the fact that it involved cooperation with Thomson and Grundig. However, the main thrust of these articles was the modernity and efficiency of production.¹⁰¹⁰

¹⁰⁰⁸ AAN, URM 290, 5.4/72, 'Zapis przebiegu obrad', 41-52.

¹⁰⁰⁹ AAN, URM 290, 5.4/72, 'Zapis przebiegu obrad', 55-6.

¹⁰¹⁰ E.g. *Życie Warszawy*, 21 December 1972, 3; *Życie Warszawy*, 11 December 1973, 10; *Życie Warszawy*, 22 December 1973, 6.

8.5. Towards the crisis

Since the events of 1976, the economic experts proclaimed licence deals as one of the main responsible for Poland's rising indebtedness.¹⁰¹¹ The case of the Grundig C-200 and C-230, acquired in 1974, well illustrates this pattern. Not only was the new license bought on credits unforeseen in plans, but also quickly turned out to be more expensive than initially assumed. Moreover, after the launch of production in 1975, 'Kasprzak' managed to complete only 100,000 cassette decks instead of the planned 200,000. As in the case of Thomson in 1971, the exports to Grundig were largely dismissed as they failed to meet the required quality standards. Although the situation in which Polish exports were twice lower than agreed upon repeated itself in 1976, in the first two years of the cooperation, the FRG company remained tolerant towards its Polish partners. With even worst results in 1977, however, it charged Poland with financial penalties, which needed to be paid alongside instalments unfulfilled with the Polish exports. Moreover, Poland committed to providing C-200 and C-230 to socialist regimes, also failing to complete them and facing financial repercussions.¹⁰¹² This was even a greater problem, given that according to the estimation from 1975 'Kasprzak' exported only 9.5 per cent its production to the West and 48.5 per cent to the socialist regimes.¹⁰¹³ In sum, the bill for the cooperation with Grundig rose rapidly, contributing to the general deterioration of the situation in Poland.

Following the crisis of June 1976, the leadership decided to improve the economic situation by limiting imports, increasing central control, and putting new investments on hold. The Ministry of Machine Industry, which, among the ministries, generated the highest level of unforeseen purchases from the West and most frequently missed loan instalments, was the first to be obliged to follow the new regulation. After the failure to implement the new economic measures and limit imports, the government called the Supreme Chamber of Control to verify the situation in its most expensive factories, including 'Kasprzak'. Its report revealed that reducing imports in the case of the Grundig cassette decks production was almost impossible. First, replacing the original components would, in many cases, have required the launching of a new production, which in the short run would only generate more costs. Second, Grundig largely rejected the 'Kasprzak' proposal concerning the replacement of 104 original components with those produced in the Polish factories. Third, in the

¹⁰¹¹AAN, KC PZPR 1354, XIA/486, 'Możliwości i warunki', 8.

¹⁰¹²AAN, NIK 1154, 81/199, 'Protokół kontroli' (protocol from control), Report by the Supreme Chamber of Control, September 1977.

¹⁰¹³AAN, MNSWiT 2626, 364, 'Wniosek o podjęcie decyzji w sprawie zawarcia umowy licencyjnej z firmą "Dolby Laboratories Inc" na układ redukcji szumów "Dolby B"' (on acquisition of licence from Dolby Laboratories Inc), 14 July 1975, 9.

case of 36 substitutes accepted by the FRG company, many turned out to be even more expensive on the domestic market. In this period, the increasingly difficult economic situation paralysed the central coordination and the ability to mobilise factories to carry out tasks unrelated to their plans of production. Looking for reasons behind the persistent problems in the partnership with Grundig, the Supreme Chamber of Control pointed to an inaccurate assessment of initial costs.¹⁰¹⁴

Under those circumstances, foreign loans became indispensable to the functioning of 'Kasprzak'. In 1978 and 1979, the task of securing financing proved increasingly demanding, as demonstrated by prolonged negotiations with FRG banks.¹⁰¹⁵ Even though at the time the FRG was already well aware of the condition of the Polish economy, the debts continued to stream.¹⁰¹⁶ After the replacement of Brandt by Schmidt on the position of the FRG chancellor in 1974, and on following the Helsinki Conference in 1975, the two countries signed an agreement on bilateral cooperation and Poland received a first investment loan from the FRG government worth 1 billion deutsche marks (around 0.4 billion US dollars). Another beneficial credit line and guarantees of bank credits from the Federal government followed. As the FRG was the most important economic partner in the West and Poland's biggest creditor, the change of German attitude was pivotal for Poland. This rapid increase in economic exchange in the early 1970s took place despite the FRG being the most reluctant among the EEC members to reduce trade restrictions and offer socialist regimes cheap debt. Similarly, difficult political relations between Poland and the FRG did not stand in the way of this economic entanglement between the two states.

According to the Polish ambassador in Bonn, some decisions concerning loans for Poland were made by Schmidt himself and went against the recommendations of his advisors, including the minister of economics.¹⁰¹⁷ Indeed, in the second half of the 1970s, Schmidt played a central role in Polish-FRG relations. Becoming closely acquainted with Gierek, he personally discussed the details of the cooperation between the countries with the first secretary.¹⁰¹⁸ Correspondence between the two reveals that the leaders remained strongly committed to détente policy. In 1978, during the consultation of Polish and FRG's Ministries of Foreign Affairs, the good relationship between the chancellor and the first secretary was even thought of as a base for Polish-German-French dialogue,

¹⁰¹⁴ AAN, NIK 1154, 81/199, 'Protokół kontroli' (protocol from control), Report by the Supreme Chamber of Control, September 1977.

¹⁰¹⁵ AAN, BH 638, 28/86, Trade Bank correspondence, 1978-1980.

¹⁰¹⁶ E.g. PA AA, BA 63/122531, 'Verschuldungssituation Polens', Report, 21 August 1978.

¹⁰¹⁷ AMSZ, Dep. IV, 2/84, w.3, Chyliński to Czyrek and Wrzaszczyk, 18 December 1978.

¹⁰¹⁸ AMSZ, Dep. IV, 2/84, w.3, Gierek to Schmidt, 14 September 1978.

in which Giscard d'Estaing, similarly closely acquainted both with Schmidt and Gierek, would represent the last country.¹⁰¹⁹ While the plan never materialised in an official manner, from the Polish perspective, the flourishing relations between the leaders served as a guarantee of the continuation of détente in political relations and for continued access to foreign debt. In this way, Poland was able to maintain its policy of filling gaps in its economy with the foreign currency flowing in that period, especially from the FRG and France.

This continuation was evidenced in another deal with Grundig in 1978. Regardless of Poland's unfulfilled export commitments resulting in fines and disagreements between the partners, the cooperation from 1974 was extended for a cassette deck from the new R series.¹⁰²⁰ It seems that Grundig, encouraged by the attitude of the federal government, itself did not hesitate to take another risk concerning cooperation with Poland. Moreover, in the late 1970s, struggling with increasing Japanese dominance in the electronic sector, the company found itself on the edge of bankruptcy, which eventually was prevented by a major sell-out to Philips.¹⁰²¹ Hence, cooperation with 'Kasprzak', while carrying significant risks, also served as a means for economising production by moving it to a socialist state.

On the Polish side, a similar logic drove the willingness to cooperate. Although the Ministry of Machine Industry contributed to damaging the domestic economic situation by its bold economic policy, generating over 40 per cent of overall losses in 1978, it was also the most profitable sector, providing the economy with significant export revenues.¹⁰²² In the late 1970s, exports of machinery were envisaged as a way to reduce the negative trade balance with Western European states.¹⁰²³ Moreover, while 'Kasprzak' was often blamed in government discussions for aggravating the economic situation through its inefficiency, in the late 1970s it successfully produced and exported some audio equipment.¹⁰²⁴ With time, the factory mastered the production of the locally enhanced MK cassette deck, based initially on Thomson technology. These results allowed Unitra to continue its relationship with the French company, providing it with components and even establishing

¹⁰¹⁹ AMSZ, Dep. IV, 2/84, w.3, 'Pilna notatka z rozmowy z J. Wehnerem w dniu 4 października 1978', Memo by Czyrek, 14 October 1978, 2.

¹⁰²⁰ AAN, NIK 1154, 81/781, Report by Supreme Chamber of Control on implementation of electronic licences, 18 April 1980, 16-23.

¹⁰²¹ Christel Bronnenmeyer, *Max Grundig: Made in Germany* (Berlin: Ullstein TB, 1999), 94.

¹⁰²² AAN, URM 290, 5.4/170, 'Zapis przebiegu obrad posiedzenia Prezydium Rządu' (Minutes from Presidium of Government meeting), 13 May 1978, 52.

¹⁰²³ AMSZ, Dep. IV, 2/84, w.1, 'Notatka o współpracy gospodarczej i naukowo-technicznej', 16.

¹⁰²⁴ AAN, URM 290, 5.4/170, 'Zapis przebiegu obrad posiedzenia Prezydium Rządu', 20.

exchanges of technicians until the end of the decade.¹⁰²⁵ Those successes, however, were not enough to save the Polish audio equipment industry from decline, which began with the 1980 crisis. Additionally, in 1981, the contract with Grundig expired and was not extended.

However, limited relations with Grundig and Thomson persisted, which placed these companies in a position to take advantage of privatisation in Poland. In 1991, Thomson bought a plant producing colour TVs, also initially launched in the 1970s and forming part of the Unitra Association. On the other hand, Grundig experienced severe problems. As in the 1960s, when the company proposed an original DC-International cassette system, in 1979 it joined forces with Philips and created the 'Video 2000' standardised solution, which aimed to compete with the VHS (Video Home System). The failure of this invention dealt the final blow to Grundig's independence and, in 1984, Max Grundig handed over the management of the company to Philips. In 1993, Philips took full control of Grundig.¹⁰²⁶

Despite the lack of new deals with Western European electronic companies in the 1980s, the technology acquired from Thomson and Grundig became a base for the domestic development of audio equipment. Most of the tape recorders and cassette decks produced in 'Kasprzak' and other factories in the 1970s and 1980s somehow involved technology from the French and the FRG's company. Thanks to the massive domestic distribution of these products, Grundig and Thomson became widely known electronics providers in socialist Poland.

¹⁰²⁵ AAN, PHZ Unitra 2217, 1/11, 'Program działalności handlowej PHZ "UNITRA" na rynkach zagranicznych w latach 1978-1980' (on Unitra's plans for activity on foreign markets), Report by foreign trade enterprise UNITRA, December 1977, 22.

¹⁰²⁶ Bronnenmeyer, *Max Grundig*, 97-128.

9. The results of the licence policy

9.1. Introduction

Between 1971 and 1980, Poland bought 428 licenses, 294 of them during the first five years. Ninety per cent of these technologies came from developed capitalist countries. The overall costs of purchasing and implementing these licenses amounted to 18.2 billion exchange zlotys (5.5 billion US dollars). The Ministry of Machine Industry was the frontrunner among all the ministries both in terms of number of acquired technological solutions and their cost. It purchased 198 licenses, including 54 for motorisation and 29 for electronics. Around half of all expenditures on technology transfers were spent on 10 per cent of license agreements such as cars and buses.¹⁰²⁷

As emerges from the discussed cases, this result came not only from the fact that machinery was best suited for technology imports but also from the enormous influence of the groups representing this industry, which only increased with the initial investments. This phenomenon is well illustrated by the careers of Wrzaszczyk and Jaskólski, the latter whom by the end of the decade, became an undersecretary of state in the Ministry of Domestic Trade and Services. As described by Bożyk, in the 1970s, Polmo and Unitra Associations became ‘gigantic monopolies’.¹⁰²⁸ In 1980, the latter employed almost 100,000 people.¹⁰²⁹

Such an influence of industrial groups allowed them to push through new initiatives despite the objections raised. Debates on the additional agreement with Fiat and Grundig from 1974 demonstrate how the representatives of the industrial circles regularly clashed with the Ministry of Finance and the Planning Commission, which cautioned against the uncontrolled spending of hard currency. Jędrychowski was the most outspoken opponent of the early 1970s policy, which drove him into conflict with Jaroszewicz and Gierek and resulted in his removal from the government in 1975.¹⁰³⁰ Nevertheless, in the second half of the 1970s, experts from the Planning Commission and Bożyk’s team continued to warn against continuing technology transfers and advised drastic cuts in imports and new investments. Despite these recommendations in all the described cases, agreements with Western companies were broadened and new investments were launched.

¹⁰²⁷ AAN, MNSWT 2626, 407, ‘Informacja o wykorzystaniu licencji zakupionych w latach 1971-1980’ (report on licences bought between 1971 and 1980), Planning Commission, Ministry of Science, Higher Education and Technology and Ministry of Foreign Trade for Governmental Commission on Science and Technological Progress, February 1983.

¹⁰²⁸ Bożyk, *Marzenia i rzeczywistość*, 62.

¹⁰²⁹ Tadeusz Dąbrowski et. al. (eds.), *Zarys historii elektroniki w Polsce: my tak to pamiętamy* (Warszawa: Majax, 2015), 306.

¹⁰³⁰ Bień, *Jak doszło do zadłużenia*, 18-24; Rurarz, *Byłem doradcą Gierka*, 75.

The conflict between the industrial elites, supported by the PUWP leadership and experts from state institutions, illustrates the decreasing unity of the socialist elites in the late 1970s. While initially the license policy received broad consent, with time and rising economic difficulties, fewer and fewer politicians and experts supported its continuation. In this sense, the conflicts around technology transfers and new investments illustrate the proceeding disintegration of Gierek's leadership, which paved the way to its decline in 1980.

9.2. Consumption

The three case studies confirm that consumption drove the license policy. In Gierek's decade, cars, buses, and audio equipment were mainly thought of as consumer goods destined for the domestic market. The extension of Fiat 126p production in 1974, and the deal with Grundig from 1974, demonstrate that unfulfilled domestic demand remained a critical argument used to encourage the transfer of technology. Consumer needs also influenced the choice of license providers. That was the case for the Fiat 126p acquisition, when the Polish side picked a model that would be accessible to the masses, and for the bus, when the quality of public transport was considered a critical criterion for choosing among Western offers.

The national strategy from the 1970s proved successful in increasing quality of life in socialist Poland. The accessibility of consumer goods substantially increased and grew more diversified. These developments account for the notion that the 1970s were a 'golden decade' in Poland's socialist history. Scholars investigating the opposition and civil society movements also agree upon its importance for the domestic stability in the first half of the decade.¹⁰³¹

However, the three case studies show that the inability of the state to respond to its society's material demands remained a feature of Poland's economy throughout a decade. Although the project of mass motorisation proved mostly successful, it did not respond to an enormous demand for cars, which existed already in the early years of the decade and only increased with time. Similarly, the production of audio equipment, characterised by the constant arrival of new inventions, did not fulfil society's appetite for new technology. The bus case was the least successful in responding to existing needs due to its technical flaws. Moreover, as the events of 1976 and 1980 demonstrated, the plan to

¹⁰³¹E.g. Paczkowski, *The Spring will be Ours*, 351; Eisler, *Czterdzieści pięć lat*, 303.

lower the demand for food products through introducing more manufactured goods proved unsuccessful. In this sense, the history of license products in Poland represents a classic example of the 'economy of shortages'.¹⁰³²

Clearly, this outcome did not allow policymakers to narrow the gap in quality of life that existed between Poland and Western Europe, as was expected in the early years of the decade. Despite the crisis in the West in the 1970s, the consumption of capitalist states increased substantially, which only emphasised the existing differences. These differences, combined with an increasing number of people travelling to the West, had critical importance for the growing frustration of Poles.

Moreover, this frustration emerged not only from the disproportion in access to consumer goods when compared with the West, but also within Polish society. The case of automobile distribution demonstrates how the presence of Western goods in the market became a factor widening inequalities and thus challenging the principal promise of the socialist state. Corruption practices that arose in Gierek's decade, and the unobtainable-for-regular-citizens quality of life of people travelling to the West and consuming Western products, became a new feature of socialist society. After the dismissal of Gierek and his allies, this phenomenon was used against them by the new leadership. The official campaign pointing to corruption and the Western lifestyle of major politicians from the 1970s only reinforced the rising discontent with the PUWP's monopoly of power.¹⁰³³

As such, the leadership failed to create a consumption model that could serve as an alternative to the Western one. The ideological concerns behind consumption policy expressed in the early 1970s materialised, bringing persistent consequences for society and questions concerning the legitimacy of the socialist regime. Studies that examine the Solidarity movement agree on the profound role played by the 1970s economic policy as a base for the rise of social discontent. From this perspective, the unfulfilled promise of improved quality of life when compared with the West, and increasingly unequal character of goods distribution, laid the ground for the mass mobilisation.¹⁰³⁴ Małgorzata Mazurek and Matthew Hilton, who highlight Solidarity's demands for equal distribution of goods, characterise it as the most significant consumerism movement in the socialist bloc.¹⁰³⁵ Elsewhere, Mazurek argues that 1980-1 marked the triumph of self-welfare and the failure of social welfare in the policies of the socialist regimes.¹⁰³⁶ From this perspective, the broken promise of improved

¹⁰³² János Kornai, *Economics of Shortage* (Amsterdam: North Holland Press, 1980).

¹⁰³³ Szumski, *Rozliczenie z ekipą Gierka*.

¹⁰³⁴ Ash, *The Polish Revolution*, 13-34; Jadwiga Staniszkis, *Poland's self-limiting revolution* (Princeton: Princeton University Press, 1984), 150-88.

¹⁰³⁵ Matthew Hilton and Małgorzata Mazurek, 'Consumerism, Solidarity and Communism: Consumer Protection and Consumer Movement in Poland', *Journal of Contemporary History* 42:2 (2007): 315-43.

¹⁰³⁶ Małgorzata Mazurek, 'Moralities of Consumption in Poland across the Short Twentieth Century', *Annales. Histoire, Sciences Sociales* 68:2 (2013): 499-527

consumption had a profound consequence for the political stability of the socialist regime as well as for Poland's economic future.

9.3. Technology modernisation

The idea of technological modernisation impacted strongly on the shape that the transfers of technology took in the 1970s. The purchases of licenses for cars, buses, and audio equipment were made with an emphasis on their technical excellence. In all cases, the Polish side was uninterested in outdated technology, seeking cooperation with the best producers worldwide and looking for their newest inventions. The importance attached to the modernisation of the licenses through additional purchases and broadening the cooperation with Western companies reveals the importance attached to their quality. This attitude especially proves the Polish socialist elites from the 1970s as selective and ambitious.

Moreover, despite the existing COCOM restrictions and reluctance of Western companies to share their newest technology, Poland often managed to gain access to the desired solutions. The successful implementation of integrated circuits technology illustrates this phenomenon. In this case, the combination of official and unofficial cooperation with Western companies and technological support from the Soviet Union allowed Poland to get precisely what it sought.

The importance that the leadership from the 1970s attached to technological modernisation and the successful transfer of technology from the West allowed them to modernise Poland's industries on an unprecedented scale. All of the aforementioned agreements included a modernisation of Poland's factories and technological cooperation. Even though in the case of buses and audio equipment, the implementation of the license itself was not entirely successful, the factories producing them still experienced a technological boom. In all three described cases, the license played a critical role for the whole industry, stimulating new domestic intentions. When, in the 1980s, Poland did not continue its policy of technology transfers, acquisitions from Fiat, Berliet, Grundig, and Thomson became the basis for new products in their respective sectors. Reflecting how strongly the arrival of Western technology influenced Poland's factories and society, sociological studies sometimes compare the 1970s with the 1990s, considering them two modernisations in Poland's newest history.¹⁰³⁷

Nevertheless, technological development did not match the expectations set in the early 1970s.

¹⁰³⁷ Jastrząb and Wawrzyniak, 'On Two Modernities'; Leyk and Wawrzyniak, *Cięcia. Mówiona historia transformacji*, 21-7.

Quite to the contrary: many problems in license policy that were identified in the early 1970s repeated themselves. As previously, missed acquisitions occurred. According to a study from 1983, 43 of 428 licenses bought in the 1970s were redundant.¹⁰³⁸ Among the studied examples, it was above all the case of the bus that most redundant. Moreover, the implementation of the technology remained a challenging phase of the process. Although launching car production proceeded even faster than planned, in all other cases, the initial delays negatively impacted the overall results. Similarly, replacing original components with domestically produced ones proved problematic and, in the cases of buses and audio equipment, demanded constant imports from the original factories. Ultimately, buying modern technology did not prevent rebuying similar technology, as happened in the case of cassette decks. Against its assumption from the early years of the decade, Poland did not become a prominent exporter of licences.

While most of these problems can be linked to systemic inefficiencies, the inability to catch up with the global progress of technology was accelerated by the speed this process took in the West. The case of the car, and especially the case of audio equipment, revealed how quickly technological trends were changing, rendering Poland's products outdated. That not only complicated Poland's plans to export them to the West but also made cooperation with Western companies more challenging. The constant exchange of components, which formed a critical part of cooperation agreements, demanded that Polish plants produce goods similar to those in the West, and therefore constantly boost their quality and modernise them based on the Western model.

9.4. Foreign trade

As the case studies demonstrate, the ability to export license products and components was another factor that shaped license policy. In all the negotiations concerning transfers of technology, the question of export guarantees played a central role. Companies that did not offer such guarantees were dismissed from the bidding. Moreover, in the case of Fiat, the export perspective was used as an argument for extending production.

As expected in the early 1970s, the expansion of economic relations with the West required an effective foreign trade apparatus. In all of the explored cases, Poland's representatives emerged as active and successful actors, whose negotiation brought tangible benefits. In talks preceding deals with Fiat and with Berliet, thanks to their attitude, the final offers differed substantially from the

¹⁰³⁸ AAN, MNSWT 2626, 407, 'Informacja o wykorzystaniu licencji', 13.

initial ones. Moreover, Poland's foreign trade apparatus and bankers proved effective in playing Western companies and banks against each other and profiting from their competition. This became especially apparent in the cases of buses and integrated circuits. Additionally, it might be supposed that the foreign trade apparatus eased the relationship with Western companies when the Polish factories failed to fulfil contract obligations, as in the case of buses and audio equipment. Despite the flaws in cooperation, these companies maintained, and often expanded, their ties with the socialist regime.

As explained above, using licence products as export goods was not only thought of as a short-term way of making hard currency but also as part of the broader goal of opening towards the global economy. In this respect, the licence policy proved highly successful. In each discussed case, signing a cooperation agreement involved many different actors in the West, including businessman, politicians, banks, and technicians. Moreover, establishing cooperation with one company would open up new possibilities. For example, cooperation with Krupp led to cooperation with Grundig, Grundig facilitated Poland's contacts with Telefunken, and the deal with Fiat accelerated Poland's cooperation with Italian companies. The licence agreement became a vehicle of expansion of economic contacts with the West.

In this sense, the licence policy had a crucial impact on Poland's foreign trade. As argued by Kazimierz Poznański, the Polish case demonstrates the strong correlation between technology transfers and export performance. Indeed, by the end of the 1970s, Poland was an absolute leader among the socialist regimes in terms of the value of its exports of machinery and transport equipment to the Organisation for Economic Co-operation and Development (OECD), gathering only developed capitalist countries. Between 1970 and 1979, this export value rose from 1.1 billion US dollars to 5.1 billion US dollars.¹⁰³⁹

Nevertheless, the licence policy did not yield the profits envisaged by its creators. Only half of the licences bought in the 1970s returned the investment costs.¹⁰⁴⁰ Overall revenues from licence production covered around 73 per cent of all the expenditures in the West for this purpose, including technology acquisitions, implementation, and production.¹⁰⁴¹ This result was heavily colored by the successful export of the most expensive licenced products, including cars. Largely thanks to the automobile industry in 1980, licenced goods constituted over 70 per cent of export revenues for the Ministry of Machine Industry.¹⁰⁴² At the same time, however, other discussed cases, above all the

¹⁰³⁹ Poznański, *Poland's Protracted Transition*, 32-57.

¹⁰⁴⁰ AAN, MNSWT 2626, 407, 'Informacja o wykorzystaniu licencji', 14.

¹⁰⁴¹ AAN, MNSWT 2626, 407, 'Informacja o wykorzystaniu licencji', 7-8.

¹⁰⁴² AAN, MNSWT 2626, 407, 'Informacja o wykorzystaniu licencji', 17.

French bus, yielded losses rather than profits. Such an outcome had its origins not in the higher costs of the technology itself but in the dependence on the imports from the West. As estimated for all licence agreements from the 1970s, acquisitions of technology constituted only 8.2 per cent of all expenditures. The cost of investment and production consumed the rest.¹⁰⁴³

The cases of the bus and audio equipment show how in the second half of the decade, Polish production in many sectors depended on imports from the West. Not only did these acquisitions constantly demand raising loans for importing components but they also provoked new investments and Western penalties for missed deliveries. The circumstances of the late 1970s led industries to spend all their funds on maintaining previously launched licence production. As a consequence, the number of acquired technologies dropped from 35 in 1976 to zero in 1981. Moreover, this situation resulted in massive waste. As reports on licence policy in the 1970s revealed, in 1980, Poland had 86 unimplemented technologies, and 166 licence investments did not reach their full production capacity.¹⁰⁴⁴ What emerges from the above is that licence agreements, despite having a positive impact on Polish export performance, became a machine that constantly generated further indebtedness.

Apart from domestic inefficiency, this result had its origins in Poland's inability to enter capitalist markets on the scale expected in the early 1970s. As the described cases demonstrate, capitalist companies were highly protective of Western markets and usually did not allow Poland to sell its licenced goods freely. On the other hand, trading with goods based on expensive technology within CMEA often proved unprofitable. That left Poland at the mercy of the technology providers, who could accept or not Poland's exports, or sell them through their trade networks. In the history of all described licence agreements, but especially in the case of Fiat, the willingness and the ability of Western companies to accept more Polish products decreased with time. This was caused by the crisis experienced by the capitalist economies, which affected all of the described companies. Under circumstances of limited demand for manufactured goods, they themselves were struggling and thus they were less willing to accommodate Poland's demands.

9.5. Détente

Based on the three case studies, it can be said that foreign policy was of equal importance to licence policy, as previously summarised objectives. This phenomenon was most apparent in the case

¹⁰⁴³ AAN, MNSWT 2626, 407, 'Informacja o wykorzystaniu licencji', 7-8.

¹⁰⁴⁴ AAN, MNSWT 2626, 407, 'Informacja o wykorzystaniu licencji', 12.

of the Berliet bus technology, which was chosen among different offers against economic and technical objections. Moreover, in the case of electronics, political contacts were a principal means of overcoming COCOM restrictions.

The licence agreements had a positive influence on relations with Western European states. Cooperation with emblematic national companies, such as Fiat and Berliet, strengthened ties with these countries by providing numerous occasions for political contact and showcased Poland's commitment to the European détente. At the same time, having long-term cooperation agreements with Poland increased Western European countries interest in maintaining peaceful coexistence on the continent and thus reinforced their efforts to secure political and economic stability in Poland. As such, the licence policy contributed to the cementing of the situation in Europe.

These circumstances were critical in the second half of the 1970s. Despite obvious flaws in economic cooperation with Poland, and a difficult international situation, the FRG, France, and Italy strongly supported expanding economic ties and above all secured its access to the foreign debt. It seems reasonable that also on the Polish side, the need to maintain positive relations with these countries motivated broadening economic cooperation.

Poland's foreign policy strategy of distributing economic ties also proved successful. Although despite concerns the FRG became the most significant economic partner of Poland on the West, it did overshadow the exchanges with other countries, most notably France. In the 1970s, Poland bought 102 licences from the FRG and 63 from France.¹⁰⁴⁵ In 1980, 6.7 per cent of Poland's overall imports arrived from the FRG and 4.2 from France. The FRG also absorbed 8.1 and France 2.9 per cent of Poland's exports. These two countries also became the two most significant creditors of Poland. However, there was also a significant increase in economic exchange with the UK and Italy. In total, in 1980, trade with the EEC formed 18.8 per cent of Poland's imports and 21.1 per cent of its exports.¹⁰⁴⁶

At the same time, the three case studies demonstrate the failure of socialist cooperation in technological modernisation. Despite the reiterated goal of stronger coordination of the licence policy within the CMEA, its members states continued to purchase technology in the West independently and rarely became a source of technology for each other. The failed attempts at cooperating with Yugoslavia and Hungary in the case of cars and buses demonstrate how each socialist regime aimed to build its own national industry instead of seeking cooperation with the others. Moreover, as the three discussed cases reveal, the deliveries of components within CMEA was a weak link of

¹⁰⁴⁵ AAN, MNSWT 2626, 407, 'Informacja o wykorzystaniu licencji', 5.

¹⁰⁴⁶ Calculated based on: *Rocznik statystyczny handlu zagranicznego 1981*, 20-1.

production processes. The ongoing delays and long wait schedules often resulted in a need to turn to the West. Poland not only suffered from this organisational inefficiency but also contributed to it by missing its deliveries to other regimes, as in the case of cassette decks. Finally, the licence policy revealed a problem with the internal CMEA price mechanism as well as its currency. On the one hand, components or manufactured products often proved more expensive when bought from the socialist state than from the West. On the other hand, selling products based on Western technology and often containing expensive Western components to the CMEA did not help in raising hard currency, necessary to repay investments.

9.6. Conclusion

Taking into consideration all the different objectives set for the licence policy, its outcomes can not be considered a complete failure, as studies on Poland in the 1970s sometimes suggest. Improving the quality of life in Poland, modernising industry on a scale unseen in previous decades, reinvigorating export performance, and cementing détente were all achievements which transfers of technology contributed to. At the same time, however, they also contributed to setting in motion a process that effectively undermined the socialist regime in Poland: the decomposition of the socialist elites, rise of social discontent, ideological erosion, and above all financial, technological, and political dependence on the West.

Conclusion

The opening towards the West was the critical change that took place in Poland between 1970 and 1980. It had a twofold consequence for the socialist regime. On the one hand, it created a system of entanglements with the West that offered Western actors leverage over the PUWP leadership. On the other hand, it influenced the domestic situation in several ways that effectively weakened the regime. These factors were of paramount importance for Poland's trajectories in the 1980s, above all the collapse of the socialist regime and its political and economic transformation.

This entanglement with the West is most clearly measured by the rising foreign debt, which between 1970 and 1980 increased by 24 times.¹⁰⁴⁷ Given the inefficiency of Poland's economy in the late 1970s, experts realised that the country's finances could be cured only with substantial support from the West. However, IMF membership, which could have eased Poland's situation, was blocked by the Soviet Union. At the same time, from the Polish leadership's perspective, seeking debt-rescheduling was tantamount to admitting their strategy's failure. By the same token, declaring Poland's default was impossible, as it would have risked domestic destabilisation and restricted access to new loans.¹⁰⁴⁸

All these reservations disappeared in the turmoil of summer 1980. The new leadership of Kania and Jaruzelski agreed to seek membership in the IMF and opened negotiations with the Paris Club, gathering public creditors, and the London Club, which represented private creditors. In March 1981, Polish bankers admitted Poland's inability to fulfil its debt instalments, de facto declaring the country in default. Nevertheless, Western creditors decided to keep this status unofficial, fearing that Poland's bankruptcy could have global repercussions and encourage other states in Eastern Europe and Latin America to follow this path. Instead, the Paris Club offered Poland a rescheduling agreement signed in April 1981. While in the 1970s, Western states were uninterested in using economic dependency for pushing political changes in Poland, hoping for a positive evolution instead, this situation changed after 1980. The lack of military intervention in Poland, known as a 'tank clause', became a condition for the validity of the Paris Club's economic concessions.

For this reason, when Jaruzelski decided to suppress domestic unrest by imposing martial law on 13 December 1981, Western states proclaimed a boycott of credits and deliveries, except the products of existential importance. At the same time, Poland disregarded its debt instalments. While for public

¹⁰⁴⁷ *Economic Survey of Europe in 1991-1992*, 322.

¹⁰⁴⁸ Access to loans and domestic stability are main reasons for which countries avoid defaulting: Jerome Ross, *Why Not Default? The Political Economy of Sovereign Debt* (Princeton: Princeton University Press, 2019).

creditors, martial law was an obstacle for solving Poland's crisis, for Western banks, the military regime served as proof of Poland's creditworthiness. Consequently, the challenging negotiations with private creditors resulted in the agreement only in April 1982. The Soviet Union also rewarded Jaruzelski's regime financially for its decisive suppression of Solidarność, providing new loans and deliveries of natural resources. However, after martial law was lifted on 22 July 1983, Poland relaunched talks with the Paris Club and negotiations concerning joining the IMF, which materialised in 1986. Scholars agree that this institution was of pivotal importance for shaping Poland's economic transformation to the capitalist economy.¹⁰⁴⁹ At the same time, talks with Western creditors assumed a certain degree of tolerance for the opposition in Poland, which paved the way to the democratic transition.

This perspective enriches the conventional view of the imposition of martial law. Cold War historians see this imposition first and foremost as a mean of suppressing Solidarność.¹⁰⁵⁰ By contrast, Fritz Bartel, applying a financial lens, suggested that it aimed to restore Poland's creditworthiness and restore economic discipline.¹⁰⁵¹ However, the imposition can also be framed as a last-ditch attempt to remove Western political leverage. The return to negotiations with public creditors in 1983, and the joining of the IMF, showed that martial law was ineffective at removing Western pressures, as it was ineffective in getting rid of Solidarność and improving Poland's creditworthiness. Already in the early 1980s, the Polish leadership was unable to disregard Western pressure. The reasons for this can be found in the history and character of the entanglement with the West that they created in the 1970s, and the manner in which it influenced the socialist regime. I detail these reasons below.

First, Poland's interest in economic cooperation with the West went beyond access to hard currency credit necessary for securing domestic provision. Against an often-made assumption, consumption loans formed only around one-quarter of the overall debt accumulated by 1980, while the rest was spent on industrial production.¹⁰⁵² As case-studies on licenses have demonstrated, production in many sectors depended entirely on imports from Western companies. For this reason, cutting off ties with the capitalist economy signified not only worsening living conditions but actually

¹⁰⁴⁹ E.g. Randall Stone, *Lending Credibility, The International Monetary Fund and the Post-Communist Transition* (Princeton, NJ: Princeton University Press, 2002); Pop-Eleches, *From Economic Crisis*; Franciszek Tyszka, *Foreign debt, crisis management, systemic transformation. Poland 1989-1994*, PhD Diss, European University Institute 2019.

¹⁰⁵⁰ Gregory Domber, *Empowering Revolution. America, Poland, and the End of the Cold War* (Chapel Hill, North Carolina, University of North Carolina Press, 2014); Wojciech Mastny, 'The Soviet Non-Invasion of Poland in 1980-1981 and the End of the Cold War', *Europe-Asia Studies*, 51:2 (1999), 189-211; Andrzej Paczkowski, *Revolution and Counterrevolution in Poland 1980-1989: Solidarity, Martial Law, and the End of Communism in Europe*, trans. Christina Manetti, (Rochester: University of Rochester Press, 2015).

¹⁰⁵¹ Bartel, 'Fugitive Leverage', 92-5.

¹⁰⁵² Approximation based on: AAN, BH 638, 55/186, 'Sprawozdanie o kredytach zagranicznych 1980', 10.

the paralysis of production in many plants, which would have hampered Poland's crucial pursuit of hard-currency gains through exports. Furthermore, case studies on license agreements have also demonstrated technological entanglement. The inability to catch up with global technological developments made the country dependent on technology transfers from the West, often necessary for the modernisation of previously acquired solutions. The fact that cooperation with Fiat was revived shortly after martial law was lifted supports this point. By the 1980s, the economic, technological, and scientific ties could hardly be broken by political decisions.

Second, these different dimensions of entanglement were all side effects of détente, especially in Europe. The importance of the international political context is illustrated in Poland's overall debt in 1980. Around a half of Poland's debt raised in the 1970s received state guarantees or were granted by the states directly, and over two-thirds of this debt came from Western Europe.¹⁰⁵³ As such, negotiations with public creditors were more important than negotiations with banks. Moreover, given the political significance of debt, Western states were interested in influencing private creditors' position, and continued to do so throughout the crisis. Although the US and Western Europe differed in terms of their assessments of Poland's situation in the 1980s, the former representing a much stricter approach than the latter, they became an increasingly monolithic actor from the Polish perspective. The common interest of creditor states in the Paris Club and the Cold War tensions' rise encouraged closer cooperation within each block. Additionally, the removal of the majority of the architects of the détente from the PUWP leadership as a consequence of the 1980 turmoil limited Poland's capacity to undermine the reemerging Cold War bipolarity. For these reasons, Poland could not bypass Western states, which in turn became more unified and hence more capable of exerting pressure.

Third, the 1970s diplomatic opening and engagement in multilateral cooperation, which exposed the Polish leadership to these pressures, also made the leadership more inclined to respect them. Since Gierek's decade, Poland had formalised relations with all Western states and remained in regular contact with them. For example, martial law coincided with the third CSCE session in Madrid, which offered Western politicians' an opportunity to influence Jaruzelski's regime. The NATO members temporarily suspended the talks and presented a set of political conditions for their reopening.¹⁰⁵⁴ To a certain extent, the Polish leadership fulfilled these demands in 1982 by introducing the gradual liberalisation of martial law and initiating prison releases. From the Polish policymakers' perspective,

¹⁰⁵³ 'Polish foreign debt with market economies countries as of 31.12.1980', in Karcz, *Zadłużenia zagraniczne Polski*, 94.

¹⁰⁵⁴ Angela Romano, 'More Cohesive, Still Divergent: Western Europe, the US, and the Madrid CSCE Follow-Up Meeting', in Kiran Klaus Patel and Ken Weisbrode (eds.), *European Integration and the Atlantic Community in the 1980s* (Cambridge: Cambridge University Press, 2013), 39–58.

endangering the entire Helsinki process was a high price to pay for their actions. Its features, such as border inviolability or disarmament, also discussed during the Madrid conference, continued to have a pivotal importance for Poland's security. By the 1980s, these features became conditional upon respect of international norms, including meeting economic commitments and respecting human rights.¹⁰⁵⁵ The connection between different sides of international cooperation and the multiplied number of forums where the East-West interactions took place, gave the Polish leadership little choice but to respect the Western demands.

Fourth, large groups of socialist elites, who themselves had experienced internationalisation as a consequence of the 1970s strategy, desired respecting international norms. The martial law, was implemented by a narrow group within the PUWP leadership, representing above all military circles, strongly exposed to pressure from the Soviet Union. This decision was not taken in consultation with larger groups of the socialist elites, and very likely would not have received their approval. Despite accumulating problems, even in the late 1970s, criticism about cooperating with the West was rare. This situation also emerged from the broad exposure towards Western actors, which socialist elites experienced in the 1970s. The multiplication of East-West personal interactions lowered fears and improved the general awareness of the situation on the other side of the Iron Curtain. Moreover, the entanglement with the West privileged the careers of officials familiar with Western states and the capitalist economy. Experts, foreign trade professionals and bankers became critical for the system's functioning, and the 1980s crisis only strengthened their role. These more pragmatic groups were prone to defend cooperation with the West and less interested in preserving the regime at any price. Their influence and the general internationalisation of the socialist elites played an important role in Poland's reopening talks with Western creditors, subjecting itself to their pressures, and embarking on a path of economic and democratic transformation.

Fifth, Solidarność became too big and too strongly supported by the West to be suppressed with martial law. Of course, neither the emergence of workers' strikes nor of the dissident groups can be fully explained by Western influence.¹⁰⁵⁶ However, the fact that these groups transformed into a mass movement gathering over 10 million people epitomised the changes in Polish society and in the regime's ideological erosion, all undergirded by the opening towards the West. In the 1970s, Polish society was more exposed to the West than any time before in the socialist period. Travel to capitalist

¹⁰⁵⁵Thomas, *The Helsinki Effect*.

¹⁰⁵⁶For studies arguing that the emergence of dissident groups in Poland and their success should not be only linked with the 'Helsinki effect': Wanda Jarzabek, 'Troublesome Human Rights. The Polish Strategy between the Belgrade and Madrid CSCE Follow-up Conferences' in Matthias Peter and Hermann Wentker (eds.), *Die KSZE im Ost-West-Konflikt Internationale Politik und gesellschaftliche Transformation 1975-1990* (Munich: Oldenbourg Wissenschaftsverlag, 2013), 24; Brier, 'Broadening the Cultural History'.

countries, including professional trips encouraged and organised by the state, which became prevalent in the 1970s, as well as inflow of Western culture and products, made Poles aware of differences between life in the West and life in Poland. This factor contributed to rising frustration, built up in any case by a rise in expectations that the 1970s leadership fuelled and later did not fulfil. Furthermore, the removal of the Western threat, which took place already in the late 1960s and became a backbone of national strategy of the 1970s, undermined the legitimisation of the socialist regime and its ideological framework. While German revisionism explained the close alliance with the Soviet Union, the hostility of the capitalist system underpinned the very existence of socialism. As such, the close political and economic cooperation with the West was inconsistent with the regime's *raison d'être*. Moreover, the moral supremacy of socialism over capitalism was based on the idea of equality, which also lost its value in the 1970s. The massive arrival of Western goods and ineffective domestic provision rendered Polish socialism unable to maintain equal distribution, and instead allowed corruption and the black market to grow on an unprecedented scale. A rising awareness of socialist weakness when compared with the West, and a declining legitimacy of the regime in Poland, underlay the mass support for the Solidarność movement and its strength. In turn, these features made it a unique phenomenon and caught global attention. In the 1980s, the Western states developed dual-diplomacy practices that involved maintaining relations both with the Polish leadership and with Solidarność. The former's tolerance of the latter became a critical demand.

Finally, Gierek's policy of opening and the emergence of opposition cemented the picture of Poland as a deserving cause in the eyes of policymakers on the West. Recognising the signs of change in the socialist elites and the crystallising alternative to them, Western states continued to broaden cooperation with Poland even when its economic situation drastically worsened in the second half of the 1970s. For this reason, in the 1980s it became increasingly clear that they were willing to offer Poland a way out of the crisis for the price of gradual internal changes. In contrast, martial law revealed that the Soviet Union and other socialist regimes, themselves struggling with economic decline, were neither capable of nor willing to do so.

The reason why the PUWP leadership of the 1980s could not simply disregard the West is that Poland's interconnectedness with capitalist countries went much deeper than financial dependence. The system of entanglement created as a result of the 1970s policy of opening towards the West included not only economic but political, technological, cultural, and personal ties. All of these penetrated the socialist regime, exposing its weaknesses and undermining its legitimacy.

Nevertheless, the opening towards the West was desired by the Polish socialist elites, and largely shaped by them as well. Their agency played a vital role in each of four faces of the national strategy of the 1970s. First, the domestic debates, taking place as a form of polemic with Gomułka's policy, allowed new ideas to emerge. Second, these ideas laid the ground for the reversal of domestic and international agendas. Although the opening towards the West was rarely declared as a goal as such, it underpinned all the new political choices. Third, the policymakers' proactive attitude encouraged them to broaden cooperation with the West in response to external factors. Finally, the leadership continued to follow the strategy despite signs of an upcoming crisis. Similarly, the socialist elites' role is apparent in the field of transfers of technology. In this case, Polish representatives effectively shaped the means and manner of cooperation with the West by choosing countries and companies of their preference and negotiating beneficial deals. In sum, broadening ties with the West was a conscious strategy of the socialist elites in the 1970s.

Although initially this strategy received Soviet support, its scale soon spiraled out of control and became problematic for Moscow. While all of the socialist regimes increased their contacts with the West in the 1970s, Poland was a frontrunner of these practices among the CMEA and Warsaw Pact members. This difference can be explained by the fact that interwar Poland had stronger ties with the West than some other countries in the region. As the cases of Fiat and Berliet demonstrated, the pre-Second World War cooperation facilitated deals with Western companies. Poland also entered the 1970s with strong economic, cultural, and personal connections to capitalist countries. However, other socialist regimes sharing these characteristics, including the GDR, Hungary, and Czechoslovakia, did not practice opening on so many different fields and on such a large scale. Consequently, none of them ended the decade with such a formidable crisis.¹⁰⁵⁷ Moscow's scepticism towards Poland's political line and a comparison with other socialist regimes points to the importance of the national elites in shaping trajectories in Poland.

Moreover, Poland in the 1970s made little effort to coordinate policy with other socialist countries. This concerns economic and political cooperation and the process of devising the Polish national strategy itself. Other socialist regimes were rarely invoked as positive or negative examples to follow. Instead, the agenda had domestic origins, was fueled by fascination for the Japanese example, and pivoted on comparison with West European economies.

Although the strategy had internal roots, it did not secure the Polish socialist elites' consistent

¹⁰⁵⁷For the strategy of the GDR, Hungary and Czechoslovakia and the other socialist regimes in the 1970s see: Romano and Romero (eds.), *European Socialist Regimes*.

and unequivocal support. While initially it was based on a strong consensus between different groups and fractions, with time and the accumulation of economic and political problems, fewer and fewer officials believed that the national strategy could work. Throughout the decade, voices opposing Gierek's strategy were raised by the older generation of PUWP members closely aligned with Gomułka, the military and secret services, and experts acting independently and in state bodies. Although various officials and institutions undermined specific aspects of the agenda, first and foremost uncontrolled indebtedness, throughout the 1970s, there was surprisingly little opposition to the strategy of opening towards the West. Before the late 1970s, entanglement with the West was rarely discussed as a problematic phenomenon. Even then, calls for implementing drastic means in the name of Poland's sovereignty were rare. On the contrary, closer cooperation with the West was advocated by wide groups of socialist elites, including most of the leadership and industrial elites, which also profited from it.

These individual and institutional interests were important drivers of Poland's national strategy in the 1970s. The license policy demonstrates how particular goals of the Ministry of Machine Industry stimulated cooperation with the West. Similarly, the actions of the leadership are usually understood in these terms. Scholars assume that the preservation of power was their ultimate goal, and the policy of opening is generally considered an outcome of this objective. As I have demonstrated in this study, such an argument applies above all to the late 1970s. However, even for this period, remaining in power was not the only factor for policymaking. While these individual interests were undoubtedly vital, the broadly shared logic underlying Poland's opening towards the West was above all influenced by international developments.

It is not a coincidence that the golden decade of Poland's socialist history coincided with the golden decade of détente. The peaceful coexistence in Europe was an assumption that undergirded the whole national strategy, determined its shape, and enabled it. The most important feature of these political changes was reconciliation with the FRG. However, the divergence between the US and Western Europe that undermined the Cold War bipolarity also became an invitation for the Polish socialist regime to open economically and politically. Similarly, the Helsinki processes created unprecedented circumstances for expanding contacts with the West and cemented Poland's policy. From this perspective, the national strategy of the 1970s can be viewed as an effort to secure Poland's place in the reorganising international order.

A similar dynamic can be observed in the case of the economy. Global capitalism changes are usually seen as a contributing factor in the failure of Poland's strategy. However, this strategy was largely designed to respond to these developments. The assumptions formulated in the late 1960s, by

Gomułka and his allies, as well as by their critics, insisted on redirecting Poland's economic focus and making domestic industries better adapted for international exchange. The discussed case studies show that the license acquisitions aimed at increasing Poland's participation in the global markets. Later, the monetary and oil crisis accelerated this strategy, as socialist policymakers assumed that they could use the global turmoil to their own advantage. The 1970s strategy was a means of readjusting to the rapidly changing global economy.

Framing Poland's 1970s agenda as an attempt at adapting the socialist regime to international transformations sheds new light on domestic history and invites comparison with other international actors, particularly Western European companies and states. While Western economies could share the burden of economic turmoil with private enterprises, the socialist regime had to steer the adaptation of the whole national economy with centralised tools. In this sense, the challenges it faced were similar to the ones of Fiat, Berliet, Grundig and other mentioned companies, and included rising global competition, fast technological developments and the need to maintain a balance between efficiency and workers' demands. The fact that both Poland and these companies, despite the political obstacles, sought cooperation with each other attests to their difficult situation. Among the described companies, Fiat is the only one that survived the 1970s turmoil. All the others either were consumed by larger groups, as in case of Berliet and Grundig, experienced numerous splits and reorganisations, as in the case of Thomson, or went bankrupt, as in the case of Ferranti. By the early 1990s, all of these companies ceased to exist in the form known in the 1970s. This was also the case for the Polish socialist regime.

Moreover, after the experience of the 1970s, Western European states also had to adjust their macro-economic frameworks. Although the scale of crisis inherited from the decade was incomparable with the one face faced by the socialist economies, it also triggered substantial economic transformation. The case of Thatcherism in the UK and France's 'tournant de la rigueur' exemplify Western European capitalism's new austerity outlook, born as a response to the 1970s crisis.¹⁰⁵⁸

However, already before this, to mitigate the adverse effects of the new difficulties, Western European states increased their integration. Companies that were unable to survive in their original form applied a similar strategy, merging with each other and transforming into multinationals. In the case of the socialist regimes, such efforts were paralysed by the CMEA and Warsaw Pact members' national interests and by fear of Soviet dominance, to a certain extent present among socialist elites

¹⁰⁵⁸ For the comparison of the response to the crisis in the 1980s in the socialist and capitalist countries see: Bartel, *The Triumph of Broken Promises*.

in all Eastern European regimes. Paradoxically, while the 1970s crisis boosted integration in the West, it dismantled socialist unity. As argued by Silvio Pons, precisely this decreasing unity of international communism lay at heart of its decline.¹⁰⁵⁹

Nevertheless, Poland's failure to withstand the 1970s challenge was caused by more than the weakness of socialist cooperation. The national strategy embarked upon after Gierek's takeover was risky at its core, and the socialist elites were well aware of this fact. During the debates on license policy, even the most prominent leadership members admitted the peril of their choices. Almost all of the late 1970s' problematic developments were foreseen in the early years of the decade. From this perspective, one can say that policymaking in the 1970s was marked by a certain degree of hazard and incompetence. Apart from exaggerated interpretations of international events, the leadership mistakes included, above all, lack of efficient central control and the continuation of strategy despite signs of an upcoming crisis.

The Polish national strategy of the 1970s failed due to a combination of domestic and external factors. However, as demonstrated by the study of license policy, some of the objectives established in the early years of the decade were met. Peaceful coexistence on the continent and the industry's modernisation were the most significant achievements of the leadership and the ones that had a critical influence on Poland's future after the fall of the regime.

The fact that the socialist regime did not survive the reorganisation of the political and economic order that began in the 1970s does not mean that it did not shape these processes. On the contrary, the political choices of the socialist elites and the crisis of 1980, which they had created, were of major importance not only for the Polish future but also for European and global changes.

By presenting a strong commitment to the idea of détente and basing it on a differentiation between Western Europe and the US, the Polish socialist elites coproduced a process of Europeanisation.¹⁰⁶⁰ Their policy of opening aimed to cement peaceful coexistence and cooperation on the continent through different means, including diplomacy, economy, technology, and, to a certain extent, the flow of people and ideas. Moreover, the Polish socialist elites played a prominent role in initiating and materialising the CSCE, the symbol of European détente. This subsequently executed agenda served as proof that the socialist regime could experience a gradual liberalisation

¹⁰⁵⁹ Silvio Pons, *The Global Revolution. A History of International Communism 1917-1991* (Oxford: Oxford University Press, 2014)

¹⁰⁶⁰ On Europeanisation: Matthew Broad and Suvi Kansikas (eds.), *European Integration Beyond Brussels. Unity in East and West Europe Since 1945* (London: Palgrave Macmillan, 2020); Mark, Iacob, Rupprecht and Spaskovska, *1989: A Global History*, 125-72.

and thus encouraged Western European states to continue their Ostpolitik. In this sense, Polish strategy in the 1970s influenced Western policy, as Western attitudes influenced the choices of Polish policymakers. The European détente emerged from efforts coming from the West and from the East, and the interaction of these efforts.

The pan-European system of cooperation created on the backdrop of this policy outlived the Cold War crisis of the 1980s. Although Poland became an epicentre of these events, numerous Polish actors, including members of the PUWP leadership, industrial elites, bankers, experts – not to mention the opposition – sought to maintain these contacts. Similarly, although the US and Western Europe tried to speak in one voice during the Polish crisis, in reality, the latter remained uninterested in using drastic means to push for political changes. For this reason, it unsuccessfully opposed including the 'tank clause' in the agreement between the Paris Club and Poland, and more successfully opposed using economic sanctions against Poland and the Soviet Union during martial law. As in Poland, this policy had a strong economic motivation, as it endangered Western European interests.¹⁰⁶¹ At the same time, on both sides of the continent, the policy epitomised a strong commitment to the idea of détente and reinforced the conviction that undermining the Cold War division was beneficial for European states and that their fates should be decided in Europe.

This perspective sheds new light on the EU Eastern enlargement, the process initiated for Poland only four years after the collapse of the socialist regime and concluded in 2004. This has conventionally been understood as a political step, aiming to stimulate post-socialist countries liberal reforms and a turn to the West. Yet, it was also a response to the already-existing intertwined system created by European détente, which was especially strong in the Polish case. Moreover, the socialist elites' efforts to secure ties with Western European states against their proceeding integration demonstrate the importance that the EEC and later the EU had for Poland, regardless of its political and economic shape. The decision to apply for EU membership made by democratic and capitalist Poland was a natural consequence of the Polish socialist regime's policy.

As in the case of Europeanisation, the firm caesura of 1989 does not apply to the process of globalisation. The Polish case demonstrates the sharp increase in entanglement with the global economy that took place in the 1970s, making its further acceleration difficult to avoid and providing a framework for the unfolding of this process. The ties created in this period had a pivotal influence on the shape of the 1990s globalisation. Gierek's modernisation program laid the ground for Poland's

¹⁰⁶¹ For tensions in transatlantic alliance after the Polish crisis: Andrea Chiapman, ““Those European Chicken Littles”: Reagan, NATO, and the Polish Crisis, 1981-2”, *The International History Review* 37:4 (2015), 682-99; Kiran Klaus Patel and Ken Weisbrode (eds.), *European Integration and the Atlantic Community in the 1980s* (Cambridge: Cambridge University Press, 2013), 39–58.

fast economic growth after the collapse of the socialist regime. As indicated by the case studies on license agreements, companies that collaborated with the Polish socialist regime found themselves in an advantageous position after its fall. Fiat and Thomson became essential players in the privatisation initiated after 1989.¹⁰⁶² Moreover, the FRG problem, which was of central importance for Poland's policymaking, stimulated broadening ties with other European states. Despite the geographic proximity, in the 1990s Poland was the only post-socialist country in which economic exchange was not concentrated in Germany but instead spread across the continent. From this perspective, the détente policy directly influenced the process of globalisation in Poland. At the same time, the 1970s globalisation stimulated the process of détente by creating challenges that made Western companies seek means of cooperation with socialist regimes. The Polish case demonstrates how strongly these processes were interconnected.

Moreover, the 1970s globalisation saw a rise in multilateral cooperation, which constituted the seedbed for the post-Cold War multipolar world order. From late in Gomułka's tenure, the Polish national strategy assumed active participation in international organisations, both in the socialist states and in those gathering on both sides of the Iron Curtain. Unlike Romania, Poland regarded the CMEA and the Warsaw Pact as forums that offered a chance to gain broader support for its initiatives and limit Soviet dominance. Although these organisations did not protect the socialist regimes from global transformation, and instead became a burden for them, the Polish leadership attempted to use them to their advantage. Nonetheless, throughout the 1970s, Poland's enthusiasm for this cooperation steadily declined. At the same time, during this decade Poland held membership in more international organisations and conferences than any other European socialist regime. Moreover, it launched new initiatives and aimed to reinvigorate bodies such as the ECE, becoming one of the actors that struggled to remake the format of international cooperation. The importance of multilateral cooperation also finds reflection in the rise of academic research on this topic as well as the background of Gierek's advisors, who were both experts in international economic cooperation. In the 1970s, multilateral logic gradually replaced national-state logic, paving the path for Poland's smooth integration within NATO and the EU.

Finally, Poland's socialist elites contributed to the making of the neoliberal face of the 1990s globalisation. The crisis of the 1980s resulted in the revival of economic debates in Poland. However,

¹⁰⁶² This phenomenon in Poland and other socialist regimes is described by: Besnik, *Globalization Under and After Socialism*.

since the failure of Gierek's strategy, the reform proposals implied various degrees of marketisation and foreign investment.¹⁰⁶³ In this sense, the transformation to liberal economics steadily emerged within the national framework. Moreover, it developed alongside a worsening economic situation and tragically declining quality of life. This set of circumstances, fuelled by early 1980s propaganda blaming the 1970s leadership, created a trauma of debt that impacted the socialist elites and broader society alike. While the need to pay back foreign debt explains the massive privatisation of the 1990s, this trauma underlaid the general acceptance of this policy.

Moreover, the Polish crisis of the early 1980s resonated internationally, affecting creditors and debtors alike. While the banks lost their faith in the creditworthiness of the socialist regimes after summer 1980, Western states initiated a credit boycott during Poland's period of martial law. This significantly worsened the situation of other indebted states, above all Romania, the GDR, and Hungary. The response adopted by these countries was strongly influenced by the negative example of Poland and the rise of *Solidarność*. While in Romania this strategy implied a severe austerity policy, in the GDR this approach was combined with taking more loans.¹⁰⁶⁴ Similarly, uncontrolled developments in Poland likely drove Hungary's decision to join the IMF in 1983 and the Soviet consent for this step. In this sense, the Polish crisis accelerated the spiral of events in the region. Additionally, it was a first symptom of the global sovereign debt crisis. Poland's default in 1981 affected other socialist regimes, and Mexico's default in 1982 similarly affected Latin America. The debt crisis became a global phenomenon that impacted societies, policymakers, and bankers in both creditor and debtor states. This international trauma of debt lay at the heart of the Washington consensus and its wide acceptance.

The 1970s opening towards the West initiated by the Polish socialist elites contributed to the making of the post-Cold War world order. Poland was an important coproducer of processes such as Europeanisation and globalisation, influencing their shape and encouraging their progress. By applying the strategy of cooperation with the West on a larger scale than other socialist regimes in the 1970s, it later became a pioneer of changes in the region.

¹⁰⁶³ On economic reforms in Poland in the 1980s: Dariusz Gła, *Reformy gospodarcze w PRL (1982-1989). Próba uratowania socjalizmu* (Warszawa: Trio, 2015).

¹⁰⁶⁴ Ban, 'Sovereign Debt, Austerity, and Regime Change'; Maximilian Graf, 'Before Strauß: The East German Struggle to Avoid Bankruptcy During the Debt Crisis Revisited', *The International History Review* 42:4 (2020): 737-54.

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